

STATEMENT OF INTENT TO MERGE
ALABAMA SOUTHERN COMMUNITY COLLEGE
AND
REID STATE TECHNICAL COLLEGE



Alabama Community College System

May 14, 2009

**STATEMENT OF INTENT TO MERGE
ALABAMA SOUTHERN COMMUNITY COLLEGE
AND
REID STATE TECHNICAL COLLEGE
AND
DESIGNATE THE MERGED INSTITUTION
ALABAMA SOUTHERN COMMUNITY COLLEGE**

Per State Board Policy 102.07, The Chancellor may cause two or more institutions within the Alabama Community College System to consolidate or merge for the purpose of forming a comprehensive community college by presenting for approval, first to the Alabama Commission on Higher Education for review, comments and/or action, and then to the Alabama State Board of Education, a Statement of Intent to Consolidate or Merge which shall incorporate and conform to the following stipulations and provisions:

Section I- Description of the institutions to be consolidated or merged and the designation of a name for the newly created comprehensive community college.

It is the intent of the Alabama State Board of Education to merge Alabama Southern Community College with primary administrative offices located at 2800 South Alabama Avenue, Monroeville, Alabama, and Reid State Technical College located at the Intersection of I-65 and Highway 83, Evergreen, Alabama and to designate the resulting institution Alabama Southern Community College. All of the assets, physical plant, and non-duplicative curriculum and programs of study currently under the direction of Reid State Technical College will be assumed by Alabama Southern Community College. Alabama Southern Community College will offer the programs and services now associated with Reid State Technical College, as a component of the occupational/vocational/technical/Adult Education and Skills Training division and/or other units of Alabama Southern Community College. The process should present few physical limitations, in as much as the two campuses (Reid State and the Monroeville Campus of Alabama Southern Community College) are only twenty-five miles apart. The two colleges have maintained a cooperative relationship for many years, and the two institutions currently share portions of the same service, shopping, economic, and workforce development service area.

Section II- A statement of personnel assurances addressing the individual identities, missions, and histories of the affected institutions; the status, rights, privileges, and benefits of employees of both the consolidated or merged institutions and the new community college; employment practices and related and relevant matters of law; and such other information as the Chancellor shall deem appropriate.

Full-time personnel of Reid State Technical College will become the employees of Alabama Southern Community College, retaining all rights, privileges and benefits previously granted by Reid State Technical College including, but not limited to seniority, retirement, and tenure. Alabama Southern Community College will continue to provide comprehensive services to the community and service area including strengthened university parallel transfer programs; strengthened

occupational/vocational and career/technical training certificate and degree programs; improved adult learning opportunities; improved civic, social, cultural and personal development opportunities; improved business and industry training opportunities; and active involvement in and support of workforce and economic development.

All students currently enrolled in programs of study at Alabama Southern Community College and at Reid State Technical College will be permitted to complete their programs under the same terms, conditions, understandings, and assurances they received upon entering their current program of study. All programs of study currently offered by Reid State Technical College will be assumed by, and transferred to the academic inventory of, Alabama Southern Community College. In undertaking and completing this merger process, Alabama Southern Community College will abide by the hiring guidelines and all other aspects of law including, but not limited to those specified in Lee v. Macon, Knight, Jr. et. al. v. the Alabama State Board of Education, the Shuford/Johnson/Kennedy case, the Alabama Community College System Uniform Guidelines and other applicable legal actions (see Assurances, Appendix A).

Section III – Assurance that personnel at the institutions be consolidated or merged have been involved in the preparation of the Statement of Intent to Consolidate or Merge, and that close consultation between personnel at the institutions being consolidated or merged and staff members will continue during the consolidation or merger process.

Personnel currently employed by Alabama Southern Community College and Reid State Technical College have been involved in the preparation of the *Statement of Intent to Merge*, and close consultation between personnel at the two institutions will continue during the merger process. The administrative staff members of the two institutions will develop a plan, under the direction of the Chancellor, for the orderly implementation of the merger. The Chancellor will monitor actions taken to achieve the merger and will evaluate their effectiveness and report to the Alabama State Board of Education on the progress made in accomplishing and finalizing the merger. Such reports will be made each year for the three years immediately following conclusion of the merger, and will include fiscal accountability, program accountability and administrative accountability components. During this time, the administrative staff at both institutions will engage in a planned professional development program designed to support and enhance the merger process and to enhance the development and operation of a comprehensive community college, including the provision for university parallel transfer programs as well as non-traditional, non-credit, short-term, on-demand, non-tuition driven career/technical training efforts to enhance existing traditional career/technical programs (see Assurances, Appendix A).

Section IV- A description of the benefits to be derived from the consolidation or merger in terms of enhancement of programs and services available to residents of the new college service area.

By merging Reid State Technical College with Alabama Southern Community College, the new service area will include the counties of Butler, Choctaw, Clarke, Conecuh, Marengo, Monroe and Wilcox. Therefore current students of Reid State Technical College will have access to accredited, transferable academic college courses close to home. This opportunity extends itself to benefit dual-enrolled students, on-site day/evening students, and potential online course offerings. Additionally, transfer university students at the Reid State Technical College component would now also have access to library materials relating to these transfer programs with little or no additional

costs.

Furthermore, students (both in high school and college) if qualified, would have the benefit of services delivered through federal grants such as Educational Talent Search, Upward Bound, and Student Support Services. Moreover, the communities at large would benefit by the adult education classes, industry alliances, scholarships, internships, and regional healthcare alliances, as well as, having readily available the resources of the Alabama Technology Network (ATN), the National Center for Pulp and Paper Training, and the initiatives through the West Alabama/East Mississippi coalition. Additionally, this merger will eventually eliminate duplicative layers of administration, allowing limited resources to be better spent on the teaching/learning process; thus, enhancing the three-prong mission of the Alabama Community College System: Academics, Adult Education, and Workforce Development (see Summary of Benefits, Appendix B).

Section V - A description of the benefits to be derived from the consolidation or merger in terms of efficiency of management, leadership, and coordination of instructional and student support activities.

Educational programs and student support services available to the community served by these merged institutions will be enhanced through the expansion of university transfer opportunities, centralized planning and management, the upgrading of specific programs of studies, improved communications with area businesses and industries, and more effective utilization of existing human resources. A more streamlined management structure will assist in improving access to educational programs and to student support services; and in improving responsiveness and efficiency in meeting the needs of the communities served. Coordinated institutional planning, institutional program review and instructional and student support evaluations will enhance the quality, effectiveness, and scope of educational programs and student support services available. The coordination of resources will strengthen the university parallel programs, occupational/vocational and career/technical programs, student advising, testing, placement, basic skills, and follow-up programs; and those programs associated with the adult education and skills training division of the College (see Summary of Benefits, Appendix B).

Section VI – A plan to secure and/or maintain appropriate accreditation for the newly formed community college, including the Prospectus for Substantive Change as required by the Commission on Colleges of the Southern Association of Colleges and Schools.

Alabama Southern Community College is accredited by the Southern Association of Colleges and Schools, Commission on Colleges, which is a regional accrediting agency. Reid State Community College is accredited by The Accrediting Commission of the Council on Occupational Education; therefore, the merger is subject to Procedure Three of the *Substantive Change for Accredited Institutions of the Commission on Colleges* of the Southern Association of Colleges and Schools. Both institutions have simultaneously begun the merger process according to the requirements of Procedure Three (Procedures for a COC Member Institution Initiating a Consolidation/Merger with a Non-COC Accredited Institution), see Appendix C. Alabama Southern Community College will be in compliance with all *Principles of Accreditation* during and at the completion of the merger/consolidation process. This will be established according to the acceptance of the Substantive Change Prospectus submitted to the Commission on Colleges, and the subsequent findings of the Substantive Change Committee which will visit the institution. Under the terms of

Procedure Three, Alabama Southern Community College will be required to achieve reaffirmation of accreditation within five years following action by the Commission on Colleges to continue accreditation based on the findings of the Substantive Change Committee during its visit to the institution. The Commission on Colleges was notified by the Alabama Department of Postsecondary Education on April 10, 2009, that the Alabama Community College System, Department of Postsecondary Education, has recommended that the Alabama State Board of Education (the governing body of both Alabama Southern Community College and Reid State Technical College) begin to consider the merger of Reid State Technical College, a non-COC accredited institution with Alabama Southern Community College, a COC accredited institution. This combined with the appropriate notification and compliance as specified in the *Substantive Change for Accredited Institutions of the Commission on Colleges* of the Southern Association of Colleges and Schools, will serve as the basis of the plan to secure and maintain appropriate accreditation for Alabama Southern Community College during and following the merger. Alabama Southern Community College will need to develop and submit the Substantive Change Prospectus as specified by the Commission on Colleges because the assumption of all equipment, facilities, and resources of Reid State Technical College will constitute a substantive change for Alabama Southern Community College.

Section VII – The results of an audit of the effectiveness of educational programs at each of the affected institutions, and especially a description of the impact of the consolidation or merger upon existing and/or potential occupational/technical programs to be used to provide entry-level job training skills to residents of the new college service area.

The Alabama Community College System's Academic Inventory (04/29/09) for Alabama Southern Community College and Reid State Technical College indicates the following array of instructional programs and related awards which are noted on the following pages. Enrollment trends and graduates in these programs are also noted.

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Cip Code	Cip Title	Dept Code	Program	2006 - 2007	Hlth School	Award	Inst Credit	P/Q C/S	Options
010101	AGRICULTURAL BUSINESS AND MANAGEMENT, GENERAL	AGR	AGRICULTURE		Y		A	C	
030511	Forest Technology/Technician	FOR	FORESTRY TECHNOLOGY		Y	AAS	A	P	
090401	JOURNALISM	MCM	MASS COMMUNICATION		Y		A	C	
110101	COMPUTER AND INFORMATION SCIENCES, GENERAL	CIS	COMPUTER TECHNOLOGY		Y		A	C	
110101	COMPUTER AND INFORMATION SCIENCES, GENERAL	DPT	VOCATIONAL COMPUTER SCIENCE		N		A	C	
120401	Cosmetology/Cosmetologist, General	COS	COSMETOLOGY		N	CER	B	P	
120499	COSMETIC SERVICES, OTHER	CIT	COSMETOLOGY INSTRUCTOR TRAINING		N		B	C	
140101	ENGINEERING, GENERAL	EGR	ENGINEERING (UNIV TRANSFER)		Y		A	C	
150404	INSTRUMENTATION TECHNOLOGY/TECHNICIAN	IST	INSTRUMENTATION		Y		B	C	
150501	HEATING, AIR CONDITIONING AND REFRIGERATION TECHNOLOGY/Technicians	ACR	AIR COND/REFRIGERATION TECHNOLOG		Y		B	C	
150612	Industrial Technology/Technicians	IET	INDUSTRIAL ENGINEERING TECHNOLOG		Y	AAS	B	O	INT/EL T/IL T/IST/PCT
150612	Industrial Technology/Technicians	IET	INDUSTRIAL ENGINEERING TECHNOLOG		Y	CER	B	O	INT/EL T/IL T/IST/PCT
150612	Industrial Technology/Technicians	IET	CONSTRUCTION ELECTRICITY/IL T/INT		Y	STC	B	S	
150699	INDUSTRIAL PRODUCTION TECHNOLOGY/TECHNICIAN, OTHER	PCT	PAPER AND CHEMICAL TECHNOLOGY		Y	AAS	B	P	
150699	INDUSTRIAL PRODUCTION TECHNOLOGY/TECHNICIAN, OTHER	PCT	PAPER AND CHEMICAL TECHNOLOGY		Y	STC	B	S	
160501	GERMAN LANGUAGE AND LITERATURE	GRN	GERMAN		Y		A	C	
160901	FRENCH LANGUAGE AND LITERATURE	FRN	FRENCH		Y		A	C	

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Cip Code	Cip Title	Dept Code	Program	Hlth School	Award	Inst Credit	P/Q C/S	Options
160905	SPANISH LANGUAGE AND LITERATURE	SPA	SPANISH	Y		A	C	
190101	HOME ECONOMICS, GENERAL	HEC	HOME ECONOMICS	Y		A	C	
230101	ENGLISH LANGUAGE AND LITERATURE, GENERAL	ENG	ENGLISH	Y		A	C	
230101	ENGLISH LANGUAGE AND LITERATURE, GENERAL	COM	ENGLISH	N		A	C	
231001	SPEECH AND RHETORICAL STUDIES	SPH	SPEECH	Y		A	C	
231001	SPEECH AND RHETORICAL STUDIES	SPC	SPEECH	N		A	C	
240101	LIBERAL ARTS AND SCIENCES/LIBERAL STUDIES		TRANSFER AA	Y	AA		P	
240102	GENERAL STUDIES		TRANSFER AS	Y	AS		P	
240103	HUMANITIES/HUMANISTIC STUDIES	HUM	HUMANITIES	Y		A	C	
250101	LIBRARY SCIENCE/LIBRARIANSHIP	LBS	LIBRARY SERVICES	Y		A	C	
260101	BIOLOGY, GENERAL	BIO	BIOLOGY	Y		A	C	
270101	MATHEMATICS, GENERAL	MTH	MATHEMATICS	Y		A	C	
270101	MATHEMATICS, GENERAL	MAH	MATHEMATICS	N		A	C	
309900	MULTI/INTERDISCIPLINARY STUDIES	IDS	INTERDISCIPLINARY STUDIES	Y		A	C	
309999	MULTI/INTERDISCIPLINARY STUDIES, OTHER	AOT	OCCUPATIONAL TECHNOLOGIES DEGREE	Y			P	
320101	BASIC SKILLS, GENERAL	RDG	READING	Y		A	C	
320199	BASIC SKILLS, OTHER	WKO	WORK KEYS, INTEGRATED	N		B	C	
340103	PERSONAL HEALTH IMPROVEMENT AND MAINTENANCE	PED	PHYSICAL EDUCATION	Y		A	C	
340199	HEALTH-RELATED KNOWLEDGE AND SKILLS, OTHER	HED	HEALTH EDUCATION	Y		A	C	

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<u>Cip Code</u>	<u>Cip Title</u>	<u>Dept Code</u>	<u>Program</u>	<u>2006 - 2007</u>	<u>High School</u>	<u>Award</u>	<u>Inst Credit</u>	<u>P/O C/S</u>	<u>Options</u>
350102	INTERPERSONAL RELATIONSHIP SKILLS	BSS	BASIC STUDY SKILLS		N		B	C	
360108	SPORTS AND EXERCISE	REC	RECREATION		Y		A	C	
370101	PERSONAL AWARENESS AND SELF-IMPROVEMENT	ORT	ORIENTATION NON-DEGREE		N		A	C	
370103	PERSONAL DECISION-MAKING SKILLS	ORI	ORIENTATION DEGREE		Y		A	C	
380101	PHILOSOPHY	PHL	PHILOSOPHY		Y		A	C	
380201	RELIGION/RELIGIOUS STUDIES	REL	RELIGION		Y		A	C	
400101	PHYSICAL SCIENCES, GENERAL	PHS	PHYSICAL SCIENCE		Y		A	C	
400201	ASTRONOMY	AST	ASTRONOMY		Y		A	C	
400501	CHEMISTRY, GENERAL	CHM	CHEMISTRY		Y		A	C	
400601	GEOLOGY	GLY	GEOLOGY		Y		A	C	
400801	PHYSICS, GENERAL	PHY	PHYSICS		Y		A	C	
419999	SCIENCE TECHNOLOGIES/TECHNICAL OTHER	ITS	MICROELECTRONICS CONSORTIUM-ADV CER		Y	STC	B	S	
420101	PSYCHOLOGY, GENERAL	PSY	PSYCHOLOGY		Y		A	C	
430107	LAW ENFORCEMENT/POLICE SCIENCE	CRJ	CRIMINAL JUSTICE		Y		A	C	
430202	FIRE SERVICES ADMINISTRATION	FSC	FIRE SCIENCE		Y	STC	B	S	
450201	ANTHROPOLOGY	ANT	ANTHROPOLOGY		Y		A	C	
450601	ECONOMICS, GENERAL	ECO	ECONOMICS		Y		A	C	
450701	GEOGRAPHY	GEO	GEOGRAPHY		Y		A	C	
451001	POLITICAL SCIENCE, GENERAL	POL	POLITICAL SCIENCE		Y		A	C	

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Cip Code	Cip Title	Dept Code	Program	Hlth School	Award	Inst Credit	P/Q C/S	Options
451101	SOCIOLOGY	SOC	SOCIOLOGY	Y		A	C	
460302	ELECTRICIAN	ELT	ELECTRICAL TECHNOLOGY	Y	STC	B	S	
460499	CONSTRUCTION AND BUILDING FINISHERS AND MANAGERS	BUC	BUILDING CONSTRUCTION	Y	STC	B	S	Carpentry and Drywall and Painting
470105	INDUSTRIAL ELECTRONICS INSTALLER AND REPAIRER	ILT	INDUSTRIAL ELECTRONICS TECHNOLOGY	Y		B	C	
470199	ELECTRICAL AND ELECTRONICS EQUIPMENT INSTALLER AND REPAIRER, OTHER	ETC	ELECTRONICS CORE	Y		B	C	
470303	INDUSTRIAL MACHINERY MAINTENANCE AND REPAIR	INT	INDUSTRIAL TECHNOLOGY	Y		B	C	INT/ELT/ILT
470604	AUTO/AUTOMOTIVE MECHANIC/TECHNICIAN	AUM	AUTO MECHANICS	N	STC	C	S	
470605	DIESEL ENGINE MECHANIC AND REPAIRER	DEM	DIESEL MECHANICS	N		C	C	
480507	TOOL AND DIE MAKER/TECHNOLOGIST	MTT	MACHINE TECHNOLOGY	Y	STC	C	S	INDUSTRIAL ENGINEERING TECHNOLOGY
480508	WELDER/WELDING TECHNOLOGIST	WDT	WELDING	N	STC	C	S	
500301	DANCE	DNC	DANCE	Y		A	C	
500501	DRAMA/THEATRE ARTS, GENERAL	THR	THEATRE ARTS	Y		A	C	
500701	ART, GENERAL	ART	ART	Y		A	C	
500901	MUSIC, GENERAL	MUL	MUSIC ENSEMBLE	Y		A	C	
500902	MUSIC HISTORY AND LITERATURE	MUS	MUSIC	Y		A	C	
500903	MUSIC - GENERAL PERFORMANCE	MUP	MUSIC PERFORMANCE	Y		A	C	
510904	EMERGENCY MEDICAL TECHNOLOGY/TECHNICIAN	EMP	EMERGENCY MEDICAL SERVICES	Y	AAS	A	P	
510904	EMERGENCY MEDICAL TECHNOLOGY/TECHNICIAN	EMP	EMERGENCY MEDICAL SERVICES	Y	CER	A	P	

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Cip Code	Cip Title	Dept Code	Program	2006 - 2007		Award	Inst Credit	P/Q C/S	Options
				Hlth School					
510904	EMERGENCY MEDICAL TECHNOLOGY/TECHNICIAN	EMS	EMERGENCY MEDICAL SERVICES I	Y		STC	A	S	
511105	PRE NURSING STUDIES	PRN	PRE NURSING STUDIES	Y			A	C	
511601	NURSING (R.N. TRAINING)	NUR	ASSOCIATE DEGREE NURSING	Y		AAS	A	P	
511613	PRACTICAL NURSE (L.P.N. TRAINING)	NUR	PRACTICAL NURSING	Y		CER	A	P	
511614	NURSING ASSISTANT/AIDE	NAS	INACTIVE CYCLE (A Y0103)	N		STC	A	S	
520101	BUSINESS, GENERAL	MST	MANAGEMENT AND SUPERVISION	Y			A	C	
520201	BUSINESS ADMINISTRATION AND MANAGEMENT, GENERAL	BUS	BUSINESS	Y			A	C	
520401	ADMINISTRATIVE ASSISTANT/SECRETARIAL SCIENCE, GENERAL	OAD	BUSINESS TECHNOLOGY	Y		AAS	A	O	BFN/MST/CIS/RLS/OAD/CO M APP/WD PROC
520401	ADMINISTRATIVE ASSISTANT/SECRETARIAL SCIENCE, GENERAL	OAD	BUSINESS TECHNOLOGY	Y		CER	A	O	BFN/MST/CIS/RLS/OAD/CO M APP/WD PROC
520401	ADMINISTRATIVE ASSISTANT/SECRETARIAL SCIENCE, GENERAL	OAD	BUSINESS TECHNOLOGY	Y		STC	A	O	BFN/MST/CIS/RLS/OAD/CO M APP/WD PROC
520803	BANKING AND FINANCIAL SUPPORT SERVICES	BFN	BANKING AND FINANCE	Y			A	C	
521501	REAL ESTATE	RLS	REAL ESTATE	Y			A	C	
521908	Business and Personal/Financial Services Marketing Operations	ISM	INSURANCE MARKETING	Y		STC	A	S	
540101	History, General	HIS	HISTORY	Y			A	C	
610000	ADULT BASIC EDUCATION	ABE	ADULT BASIC EDUCATION	N		NCA	C	C	FEDERALLY FUNDED ONLY
620000	TRAINING FOR BUSINESS/INDUSTRY	TBI	TRAINING FOR BUSINESS/INDUSTRY	N		NCA		C	
630000	Misc. Non-Credit	AGR	AGRICULTURE	Y		NCA	A	C	
630000	Misc. Non-Credit	FOR	FORESTRY TECHNOLOGY	Y		NCA	A	P	

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Cip Code	Cip Title	Dept Code	Program	2006 - 2007		Award	Inst Credit	P/Q C/S	Options
				High School	High School				
630000	Misc. Non-Credit	LOG	INACTIVE CYCLE FALL 95/FALL 99	N	NCA	C	S		
630000	Misc. Non-Credit	ISM	INSURANCE MARKETING	Y	NCA	A	S		
630000	Misc. Non-Credit	MCM	MASS COMMUNICATION	Y	NCA	A	C		
630000	Misc. Non-Credit	EMP	EMERGENCY MEDICAL SERVICES	Y	NCA	A	P		
630000	Misc. Non-Credit	COM	ENGLISH	N	NCA	A	C		
630000	Misc. Non-Credit	MAH	MATHEMATICS	N	NCA	A	C		
630000	Misc. Non-Credit	SPC	SPEECH	N	NCA	A	C		
630000	Misc. Non-Credit	DPT	VOCATIONAL COMPUTER SCIENCE	N	NCA	A	C		
630000	Misc. Non-Credit	AUM	AUTO MECHANICS	N	NCA	C	S		
630000	Misc. Non-Credit	ITS	MICROELECTRONICS CONSORTIUM-ADV	Y	NCA	B	S		
630000	Misc. Non-Credit	AOT	OCCUPATIONAL TECHNOLOGIES DEGREE	Y	NCA		P		
630000	Misc. Non-Credit	BSS	BASIC STUDY SKILLS	N	NCA	B	C		
630000	Misc. Non-Credit	IET	INDUSTRIAL ENGINEERING TECHNOLOG	Y	NCA	B	O		
630000	Misc. Non-Credit	IET	CONSTRUCTION ELECTRICITY/L T/NT	Y	NCA	B	S		
630000	Misc. Non-Credit	WDT	WELDING	N	NCA	C	S		
630000	Misc. Non-Credit	IST	INSTRUMENTATION	Y	NCA	B	C		
630000	Misc. Non-Credit	CEI	CONTINUING EDUCATION INSTITUTION	N	NCA	N	C		
630000	Misc. Non-Credit	CEU	CONTINUING EDUCATION INDIVIDUAL	N	NCA	N	C		
630000	Misc. Non-Credit	ILT	INDUSTRIAL ELECTRONICS TECHNOLOG	Y	NCA	B	C		
630000	Misc. Non-Credit	ELT	ELECTRICAL TECHNOLOGY	Y	NCA	B	C		

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630000	Misc. Non-Credit	PCT	PAPER AND CHEMICAL TECHNOLOGY	Y	NCA	B	S	
630000	Misc. Non-Credit	OAD	BFN/MST/CIS/RL S/OAD/COMP. APP./W	Y	NCA	A	S	
630000	Misc. Non-Credit	BUS	BUSINESS	Y	NCA	A	C	
630000	Misc. Non-Credit	OAD	BUSINESS TECHNOLOGY	Y	NCA	A	O	
630000	Misc. Non-Credit	BFN	BANKING AND FINANCE	Y	NCA	A	C	
630000	Misc. Non-Credit	RLS	REAL ESTATE	Y	NCA	A	C	
630000	Misc. Non-Credit	ABE	ADULT BASIC EDUCATION	N	NCA	C	C	
630000	Misc. Non-Credit	TBI	TRAINING FOR BUSINESS/INDUSTRY	N	NCA	N	C	
630000	Misc. Non-Credit	MUP	MUSIC PERFORMANCE	Y	NCA	A	C	
630000	Misc. Non-Credit	EMS	EMERGENCY MEDICAL SERVICES I	Y	NCA	A	S	
630000	Misc. Non-Credit	NUR	ASSOCIATE DEGREE NURSING	Y	NCA	A	P	
630000	Misc. Non-Credit	NUR	PRACTICAL NURSING	Y	NCA	A	P	
630000	Misc. Non-Credit	NAS	INACTIVE CYCLE (A YOI 03)	N	NCA	A	S	
630000	Misc. Non-Credit	MST	MANAGEMENT AND SUPERVISION	Y	NCA	A	C	
630000	Misc. Non-Credit	DEM	DIESEL MECHANICS	N	NCA	C	C	
630000	Misc. Non-Credit	DNC	DANCE	Y	NCA	A	C	
630000	Misc. Non-Credit	THR	THEATRE ARTS	Y	NCA	A	C	
630000	Misc. Non-Credit	ART	ART	Y	NCA	A	C	
630000	Misc. Non-Credit	MUL	MUSIC ENSEMBLE	Y	NCA	A	C	
630000	Misc. Non-Credit	MUS	MUSIC	Y	NCA	A	C	

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Cip Code	Cip Title	Dept Code	Program	2006 - 2007		Award	Inst Credit	P/Q C/S	Options
				High School	C/S				
630000	Misc. Non-Credit	GEO	GEOGRAPHY	Y	NCA	A	C		
630000	Misc. Non-Credit	HIS	HISTORY	Y	NCA	A	C		
630000	Misc. Non-Credit	POL	POLITICAL SCIENCE	Y	NCA	A	C		
630000	Misc. Non-Credit	SOC	SOCIOLOGY	Y	NCA	A	C		
630000	Misc. Non-Credit	ETC	ELECTRONICS CORE	Y	NCA	B	C		
630000	Misc. Non-Credit	INT	INDUSTRIAL TECHNOLOGY	Y	NCA	B	C		
630000	Misc. Non-Credit	PHY	PHYSICS	Y	NCA	A	C		
630000	Misc. Non-Credit	PSY	PSYCHOLOGY	Y	NCA	A	C		
630000	Misc. Non-Credit	CRJ	CRIMINAL JUSTICE	Y	NCA	A	C		
630000	Misc. Non-Credit	FSC	FIRE SCIENCE	Y	NCA	B	S		
630000	Misc. Non-Credit	ANT	ANTHROPOLOGY	Y	NCA	A	C		
630000	Misc. Non-Credit	ECO	ECONOMICS	Y	NCA	A	C		
630000	Misc. Non-Credit	PHL	PHILOSOPHY	Y	NCA	A	C		
630000	Misc. Non-Credit	REL	RELIGION	Y	NCA	A	C		
630000	Misc. Non-Credit	PHS	PHYSICAL SCIENCE	Y	NCA	A	C		
630000	Misc. Non-Credit	AST	ASTRONOMY	Y	NCA	A	C		
630000	Misc. Non-Credit	CHM	CHEMISTRY	Y	NCA	A	C		
630000	Misc. Non-Credit	GLY	GEOLOGY	Y	NCA	A	C		
630000	Misc. Non-Credit	WKO	WORK KEYS, INTEGRATED	N	NCA	B	C		
630000	Misc. Non-Credit	PED	PHYSICAL EDUCATION	Y	NCA	A	C		

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Alabama Southern Community College

2006 - 2007

<u>Cip Code</u>	<u>Cip Title</u>	<u>Dept Code</u>	<u>Program</u>	<u>Hlth School</u>	<u>Award</u>	<u>Inst Credit</u>	<u>P/Q C/S</u>	<u>Options</u>
630000	Misc. Non-Credit	HED	HEALTH EDUCATION	Y	NCA	A	C	
630000	Misc. Non-Credit	REC	RECREATION	Y	NCA	A	C	
630000	Misc. Non-Credit	ORT	ORIENTATION NON-DEGREE	N	NCA	A	C	
630000	Misc. Non-Credit	ORI	ORIENTATION DEGREE	Y	NCA	A	C	
630000	Misc. Non-Credit	HUM	HUMANITIES	Y	NCA	A	C	
630000	Misc. Non-Credit	LBS	LIBRARY SERVICES	Y	NCA	A	C	
630000	Misc. Non-Credit	BIO	BIOLOGY	Y	NCA	A	C	
630000	Misc. Non-Credit	MTH	MATHEMATICS	Y	NCA	A	C	
630000	Misc. Non-Credit	IDS	INTERDISCIPLINARY STUDIES	Y	NCA	A	C	
630000	Misc. Non-Credit	RDG	READING	Y	NCA	A	C	
630000	Misc. Non-Credit	GRN	GERMAN	Y	NCA	A	C	
630000	Misc. Non-Credit	FRN	FRENCH	Y	NCA	A	C	
630000	Misc. Non-Credit	SPA	SPANISH	Y	NCA	A	C	
630000	Misc. Non-Credit	HEC	HOME ECONOMICS	Y	NCA	A	C	
630000	Misc. Non-Credit	ENG	ENGLISH	Y	NCA	A	C	
630000	Misc. Non-Credit	SPH	SPEECH	Y	NCA	A	C	
630000	Misc. Non-Credit	CIS	COMPUTER TECHNOLOGY	Y	NCA	A	C	
630000	Misc. Non-Credit	COS	COSMETOLOGY	N	NCA	B	P	
630000	Misc. Non-Credit	CIT	COSMETOLOGY INSTRUCTOR TRAINING	N	NCA	B	C	
630000	Misc. Non-Credit	EGR	ENGINEERING (UNIV TRANSFER)	Y	NCA	A	C	

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Alabama College System

Alabama Southern Community College

Cip Code	Cip Title	Dept Code	2006 - 2007		Award	Inst Credit	P/Q C/S	Options
			Program	High School				
630000	Misc. Non-Credit	ACR	AIR COND/REFRIGERATION TECHNOLOG	Y	NCA	B	C	
630000	Misc. Non-Credit	PCT	PAPER AND CHEMICAL TECHNOLOGY	Y	NCA	B	P	
680000	COMMUNITY/CONTINUING EDUCATION INSTITUTIONAL	CEI	CONTINUING EDUCATION INSTITUTION	N	NCA	N	C	DOES NOT GENERATE FTE - GRADE NOT REQUIRED
690000	COMMUNITY/CONTINUING EDUCATION INDIVIDUAL	CEU	CONTINUING EDUCATION INDIVIDUAL	N	N	N	C	DOES NOT GENERATE FTE - GRADE REQUIRED
800000	High School Participant					N		
900000	UNDECLARED DEGREE		UNDECLARED DEGREE	Y	NCA			
900001	UNDECLARED NON-DEGREE		UNDECLARED NON-DEGREE	N	NCA			

Cip Code	Alabama Southern Community College	Unduplicated Headcount			3-Year Average
		2005-06	2006-07	2007-08	
120401	COSMETOLOGY	41	34	39	38
150612	CONSTRUCTION ELECTRICITY/ILT/INT	94	99	96	96
150699	PAPER AND CHEMICAL TECHNOLOGY	41	43	33	39
240101	TRANSFER AA	826	702	703	744
240102	TRANSFER AS	372	481	451	435
480507	MACHINE TECHNOLOGY	22	29	28	26
480508	WELDING	21	28	53	34
511601	ASSOCIATE DEGREE NURSING	118	122	112	117
511613	PRACTICAL NURSING	86	75	76	79
520401	BUSINESS TECHNOLOGY	230	184	162	192
700000	UNDECLARED DEGREE	195	222	231	216
	TOTAL	2046	2019	1984	2016

Source: The Alabama Community College System data which includes Alabama Southern Community College and Reid State Technical College as submitted each term to the Department of Postsecondary Education. Note 1: An academic year is defined as Fall, Spring and Summer terms.

The number of students earning awards from approved instructional programs, by program, for the period 2005-06 through 2007-08 is as follows:

Cip Code	Alabama Southern Community College	Number of Students Earning Degrees			3-Year Average
		2005-06	2006-07	2007-08	
120401	COSMETOLOGY	14	9	10	11
150612	CONSTRUCTION ELECTRICITY/ILT/INT	16	17	14	16
150699	PAPER AND CHEMICAL TECHNOLOGY	3	6	7	5
240101	TRANSFER AA	21	30	23	25
240102	TRANSFER AS	60	49	46	52
480507	MACHINE TECHNOLOGY	9	14	20	14
480508	WELDING	12	3	10	8
511601	ASSOCIATE DEGREE NURSING	29	19	21	23
511613	PRACTICAL NURSING	31	27	28	29
520401	BUSINESS TECHNOLOGY	36	34	27	32
	TOTAL	231	208	206	215

Source: The Alabama College System data which includes Alabama Community and Technical colleges as submitted each term to the Department of Postsecondary Education. Note 1: An academic year is defined as Fall, Spring and Summer terms.

Alabama College System
Reid State Technical College

<u>Cip Code</u>	<u>Cip Title</u>	<u>Dpt Code</u>	<u>Program</u>	<u>High School</u>	<u>Award</u>	<u>Inst Credit</u>	<u>P/O C/S</u>	<u>Options</u>
			2006 - 2007					
110101	COMPUTER AND INFORMATION SCIENCES, GENERAL	CIS	COMPUTER SCIENCE/CISCO	Y		A	C	
110101	COMPUTER AND INFORMATION SCIENCES, GENERAL	DPT	COMPUTER INFORMATION SYSTEMS	Y	AAT	A	P	
110101	COMPUTER AND INFORMATION SCIENCES, GENERAL	DPT	COMPUTER INFORMATION SYSTEMS	Y	CER	A	P	
110101	COMPUTER AND INFORMATION SCIENCES, GENERAL	DPT	NETWORK SUPPORT SPECIALIST	Y	STC	A	S	
120401	Cosmetology/Cosmetologist, General	COS	COSMETOLOGY	N	DPL	B	P	
120401	Cosmetology/Cosmetologist, General	COS	NAIL TECHNOLOGY	N	STC	B	S	
120499	COSMETIC SERVICES, OTHER	CIT	COSMETOLOGY INSTRUCTOR TRAINING	N	STC	B	S	
151202	Computer Technology/Computer Systems Technology	CPT	COMPUTER MAINTENANCE TECHNOLOGY	Y		B	C	
190708	Child Care & Support Services Management	CGM	EARLY CHILD CARE EDUCATION	Y	AAT	A	P	
190708	Child Care & Support Services Management	CGM	CHILD CARE & DEVELOPMENT - STC	Y	STC	A	S	
230101	ENGLISH LANGUAGE AND LITERATURE, GENERAL	COM	ENGLISH	Y		A	C	
230101	ENGLISH LANGUAGE AND LITERATURE, GENERAL	ENG	ENGLISH	Y		A	C	
231001	SPEECH AND RHETORICAL STUDIES	SPC	SPEECH	Y		A	C	
231001	SPEECH AND RHETORICAL STUDIES	SPH	SPEECH	Y		A	C	
240103	HUMANITIES/HUMANISTIC STUDIES	HUM	HUMANITIES	Y		A	C	
260101	BIOLOGY, GENERAL	BIO	BIOLOGY	Y		A	C	
270101	MATHEMATICS, GENERAL	MAH	MATHEMATICS	Y		A	C	
270101	MATHEMATICS, GENERAL	MTH	MATHEMATICS	Y		A	C	

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Alabama College System

Reid State Technical College

Cip Code	Cip Title	Dept Code	Program	2006 - 2007	Hlth School	Award	Inst Credit	P/Q C/S	Options
309999	MULTIINTERDISCIPLINARY STUDIES, OTHER	AOT	OCCUPATIONAL TECHNOLOGIES DEGREE		Y	AOT		P	
320101	BASIC SKILLS, GENERAL	RDG	READING		Y		A	C	
320199	BASIC SKILLS, OTHER	WKO	WORK KEYS, INTEGRATED		N		B	C	
340199	HEALTH-RELATED KNOWLEDGE AND SKILLS, OTHER	HED	Health Education		Y		A	C	
350102	INTERPERSONAL RELATIONSHIP SKILLS	BSS	BASIC STUDY SKILLS		N		B	C	
370101	PERSONAL AWARENESS AND SELF-IMPROVEMENT	ORT	ORIENTATION NON-DEGREE		N		A	C	
370103	PERSONAL DECISION-MAKING SKILLS	ORN	ORIENTATION		Y		A	C	
380101	PHILOSOPHY	PHL	PHILOSOPHY		Y		A	C	
400101	PHYSICAL SCIENCES, GENERAL	PHS	PHYSICAL SCIENCE		Y		A	C	
400501	CHEMISTRY, GENERAL	CHM	CHEMISTRY		Y		A	C	
400801	PHYSICS, GENERAL	PHY	PHYSICS		Y		A	C	
420101	PSYCHOLOGY, GENERAL	PSY	PSYCHOLOGY		Y		A	C	
450601	ECONOMICS, GENERAL	ECO	ECONOMICS		Y		A	C	
451101	SOCIOLOGY	SOC	SOCIOLOGY		Y		A	C	
460101	MASON AND TILE SETTER	MAS	MASONRY		N		C	C	
460201	CARPENTER	CAR	BUILDING CONSTRUCTION TECHNOLOGY		N		CER	C	P
460201	CARPENTER	CAR	BUILDING CONSTRUCTION TECHNOLOGY		N		STC	C	P
470105	INDUSTRIAL ELECTRONICS INSTALLER AND REPAIRER	ILT	INDUSTRIAL ELECTRICITY/ELECTRONICS		Y		AAT	B	P
470105	INDUSTRIAL ELECTRONICS INSTALLER AND REPAIRER	ILT	INDUSTRIAL ELECTRICITY/ELECTRONICS		Y		CER	B	P

Alabama College System

Reid State Technical College

2006 - 2007

Cip Code	Cip Title	Dept Code	Program	Hlth School	Award	Inst Credit	P/Q C/S	Options
470199	ELECTRICAL AND ELECTRONICS EQUIPMENT INSTALLER AND REPAIRER, OTHER	ETC	ELECTRONICS CORE	Y		B	C	
470303	INDUSTRIAL MACHINERY MAINTENANCE AND REPAIR	INT	INDUSTRIAL AUTOMATION TECHNOLOGY I	Y	STC	B	S	
470303	INDUSTRIAL MACHINERY MAINTENANCE AND REPAIR	INT	INDUSTRIAL AUTOMATION TECHNOLOGY II	Y	STC	B	S	
470603	AUTO/AUTOMOTIVE BODY REPAIRER	ABR	COLLISION REPAIR TECHNOLOGY (DPL)	N	CER	C	P	
470603	AUTO/AUTOMOTIVE BODY REPAIRER	ABR	COLLISION REPAIR TECHNOLOGY (DPL)	N	DPL	C	P	
470603	AUTO/AUTOMOTIVE BODY REPAIRER	ABR	COLLISION REPAIR TECHNOLOGY	N	STC	C	S	
480508	WELDER/WELDING TECHNOLOGIST	WDT	WELDING TECHNOLOGY (DPL)	N	CER	C	P	
480508	WELDER/WELDING TECHNOLOGIST	WDT	WELDING TECHNOLOGY (DPL)	N	DPL	C	P	
480508	WELDER/WELDING TECHNOLOGIST	WDT	WELDING TECHNOLOGY	N	STC	C	S	
480703	CABINET MAKER AND MILL WORKER	CAB	CABINET MAKING	N		C	C	
490205	TRUCK, BUSINESS AND OTHER COMMERCIAL VEHICLE OPERA	TRK	COMMERCIAL TRUCK DRIVING	N	STC	C	S	
511105	PRE NURSING STUDIES	PRN	PRE NURSING STUDIES	Y		A	C	
511613	PRACTICAL NURSE (L.P.N. TRAINING)	NUR	PRACTICAL NURSING	Y	DPL	A	P	
511614	NURSING ASSISTANT/AIDE	NAS	NURSING ASSISTANT/HOME HEALTH AIDE	N	STC	A	S	
519999	HEALTH PROFESSIONS AND RELATED SERVICES	HPS	Health Sciences	Y	STC	A	S	
519999	HEALTH PROFESSIONS AND RELATED SERVICES	HPS	HEALTH SCIENCE	Y	STC	A	S	PHLEBOTOMY
520101	BUSINESS, GENERAL	MST	MANAGEMENT AND SUPERVISION	Y		A	C	

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Cip Code	Cip Title	Dept Code	Program	High School	Award	Inst Credit	P/Q C/S	Options
520201	BUSINESS ADMINISTRATION AND MANAGEMENT, GENERAL	BUS	BUSINESS	Y		A	C	
520302	ACCOUNTING TECHNICIAN	ACT	ACCOUNTING TECHNOLOGY	Y		A	C	
520401	ADMINISTRATIVE ASSISTANT/SECRETARIAL SCIENCE, GENERAL	SET	OFFICE ADMINISTRATION	Y	AAT	A	O	Med Admin Assist/Legal Admin Assistant/CLR
520401	ADMINISTRATIVE ASSISTANT/SECRETARIAL SCIENCE, GENERAL	SET	OFFICE ADMINISTRATION	Y	CER	A	O	Med Admin Assist/Legal Admin Assistant/CLR
520401	ADMINISTRATIVE ASSISTANT/SECRETARIAL SCIENCE, GENERAL	SET	OFFICE ADMINISTRATION - STC	Y	STC	A	S	Med Admin Assist/Legal Admin Assistant/CLR
520408	GENERAL OFFICE/CLERICAL AND TYPING SERVICE	CLR	CLERICAL TECHNOLOGY	N		A	C	
521803	Retailing & Retail Operations	REM	RETAIL MERCHANDISING	Y		A	C	
540101	History, General	HIS	HISTORY	Y		A	C	
610000	ADULT BASIC EDUCATION	ABE	ADULT BASIC EDUCATION	N		C	C	FEDERALLY FUNDED ONLY
620000	TRAINING FOR BUSINESS/INDUSTRY	TBI	TRAINING FOR BUSINESS/INDUSTRY	N		N	C	
630000	Misc. Non-Credit	DPT	COMPUTER INFORMATION SYSTEMS	Y	NCA	A	P	
630000	Misc. Non-Credit	COS	COSMETOLOGY	N	NCA	B	P	
630000	Misc. Non-Credit	CIT	COSMETOLOGY INSTRUCTOR TRAINING	N	NCA	B	S	
630000	Misc. Non-Credit	CGM	CHILD CARE AND DEVELOPMENT	Y	NCA	A	S	
630000	Misc. Non-Credit	COM	ENGLISH	Y	NCA	A	C	
630000	Misc. Non-Credit	INT	MILL WRIGHT ASSISTANT	Y	NCA	B	S	
630000	Misc. Non-Credit	INT	INDUSTRIAL MAINTENANCE TECHNOLOG	Y	NCA	B	S	
630000	Misc. Non-Credit	HED	HEALTH EDUCATION	Y	NCA	A	C	

Alabama College System
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<u>Cip Code</u>	<u>Cip Title</u>	<u>Degt Code</u>	<u>Program</u>	<u>Hlth School</u>	<u>Award</u>	<u>Inst Credit</u>	<u>P/Q C/S</u>	<u>Options</u>
630000	Misc. Non-Credit	CPT	COMPUTER MAINTENANCE TECHNOLOGY	Y	NCA	B	C	
630000	Misc. Non-Credit	CGM	EARLY CHILD CARE EDUCATION	Y	NCA	A	P	
630000	Misc. Non-Credit	MAS	MASONRY	N	NCA	C	S	
630000	Misc. Non-Credit	CAR	BUILDING CONSTRUCTION TECHNOLOGY	N	NCA	C	S	
630000	Misc. Non-Credit	ABR	COLLISION REPAIR TECHNOLOGY	N	NCA	C	S	
630000	Misc. Non-Credit	WDT	WELDING TECHNOLOGY	N	NCA	C	S	
630000	Misc. Non-Credit	MST	MANAGEMENT AND SUPERVISION	Y	NCA	A	C	
630000	Misc. Non-Credit	BUS	BUSINESS	Y	NCA	A	C	
630000	Misc. Non-Credit	ENG	ENGLISH	Y	NCA	A	C	
630000	Misc. Non-Credit	SPH	SPEECH	Y	NCA	A	C	
630000	Misc. Non-Credit	MTH	MATHEMATICS	Y	NCA	A	C	
630000	Misc. Non-Credit	CIS	COMPUTER SCIENCE	Y	NCA	A	C	
630000	Misc. Non-Credit	DPT	NETWORK SUPPORT SPECIALIST	Y	NCA	A	S	
630000	Misc. Non-Credit	COS	NAIL TECHNOLOGY	N	NCA	B	S	
630000	Misc. Non-Credit	ACT	ACCOUNTING TECHNOLOGY	Y	NCA	A	C	
630000	Misc. Non-Credit	AOT	OCCUPATIONAL TECHNOLOGIES DEGREE	Y	NCA		P	
630000	Misc. Non-Credit	BSS	BASIC STUDY SKILLS	N	NCA	B	C	
630000	Misc. Non-Credit	CLR	CLERICAL TECHNOLOGY	N	NCA	A	C	
630000	Misc. Non-Credit	TBI	TRAINING FOR BUSINESS/INDUSTRY	N	NCA	N	C	
630000	Misc. Non-Credit	CEI	CONTINUING EDUCATION INSTITUTION	N	NCA	N	C	

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<u>Cip Code</u>	<u>Cip Title</u>	<u>Degt Code</u>	<u>Program</u>	<u>2006 - 2007</u>	<u>High School</u>	<u>Award</u>	<u>Inst Credit</u>	<u>P/O C/S</u>	<u>Options</u>
631000	Misc. Non-Credit	CEU	CONTINUING EDUCATION INDIVIDUAL		N	NCA	N	C	
631000	Misc. Non-Credit	TEU	JTPA TRUCK DRIVING		N	NCA	N	C	
631000	Misc. Non-Credit	REM	RETAIL MERCHANDISING		Y	NCA	A	C	
631000	Misc. Non-Credit	SET	ACCOUNTING		Y	NCA	A	S	
631000	Misc. Non-Credit	CAB	CABINETMAKING		N	NCA	C	C	
631000	Misc. Non-Credit	TRK	COMMERCIAL TRUCK DRIVING		N	NCA	C	S	
631000	Misc. Non-Credit	NUR	PRACTICAL NURSING		Y	NCA	A	P	
631000	Misc. Non-Credit	NAS	NURSING ASSISTANT/HOME HEALTH AI		N	NCA	A	S	
631000	Misc. Non-Credit	SET	LEGAL ADMINISTRATIVE ASSISTANT		Y	NCA	A	O	
631000	Misc. Non-Credit	ABE	ADULT BASIC EDUCATION		N	NCA	C	C	
631000	Misc. Non-Credit	ILT	INDUSTRIAL ELECTRICITY/ELECTRONI		Y	NCA	B	P	
631000	Misc. Non-Credit	ETC	ELECTRONICS CORE		Y	NCA	B	C	
631000	Misc. Non-Credit	ASC	HEATING AND AIR CONDITIONING		N	NCA	B	C	
631000	Misc. Non-Credit	ABR	COLLISION REPAIR TECHNOLOGY(DPL)		N	NCA	C	P	
631000	Misc. Non-Credit	AUM	AUTO MECHANICS		N	NCA	C	C	
631000	Misc. Non-Credit	WDT	WELDING TECHNOLOGY(DPL)		N	NCA	C	P	
631000	Misc. Non-Credit	PSY	PSYCHOLOGY		Y	NCA	A	C	
631000	Misc. Non-Credit	ECO	ECONOMICS		Y	NCA	A	C	
631000	Misc. Non-Credit	HIS	HISTORY		Y	NCA	A	C	
631000	Misc. Non-Credit	SOC	SOCIOLOGY		Y	NCA	A	C	

Alabama College System

Reid State Technical College

Cip Code	Cip Title	Dept Code	Program	2006 - 2007		Hlth School	Award	Inst Credit	P/Q C/S	Options
63 0000	Misc. Non-Credit	MAS	MASONRY		N	NCA	C	P		
63 0000	Misc. Non-Credit	CAR	BUILDING CONSTRUCTION TECHNOLOGY		N	NCA	C	P		
63 0000	Misc. Non-Credit	ORT	ORIENTATION NON-DEGREE		N	NCA	A	C		
63 0000	Misc. Non-Credit	ORN	ORIENTATION		Y	NCA	A	C		
63 0000	Misc. Non-Credit	PHL	PHILOSOPHY		Y	NCA	A	C		
63 0000	Misc. Non-Credit	PHS	PHYSICAL SCIENCE		Y	NCA	A	C		
63 0000	Misc. Non-Credit	CHM	CHEMISTRY		Y	NCA	A	C		
63 0000	Misc. Non-Credit	PHY	PHYSICS		Y	NCA	A	C		
63 0000	Misc. Non-Credit	SPC	SPEECH		Y	NCA	A	C		
63 0000	Misc. Non-Credit	HUM	HUMANITIES		Y	NCA	A	C		
63 0000	Misc. Non-Credit	BIO	BIOLOGY		Y	NCA	A	C		
63 0000	Misc. Non-Credit	MAH	MATHEMATICS		Y	NCA	A	C		
63 0000	Misc. Non-Credit	RDG	READING		Y	NCA	A	C		
63 0000	Misc. Non-Credit	WKO	WORK KEYS, INTEGRATED		N	NCA	B	C		
68 0000	COMMUNITY/CONTINUING EDUCATION INSTITUTIONAL	CEI	CONTINUING EDUCATION INSTITUTION		N	NCA	N	C	DOES NOT GENERATE FTE - GRADE NOT REQUIRED	
69 0000	COMMUNITY/CONTINUING EDUCATION INDIVIDUAL	CEU	CONTINUING EDUCATION INDIVIDUAL		N		N	C	DOES NOT GENERATE FTE - GRADE REQUIRED	
69 0205	COMMUNITY/CONTINUING EDUCATION INDIVIDUAL - TRUCK	TEU	JTPA TRUCK DRIVING		N		N	C	DOES NOT GENERATE FTE - GRADE NOT REQUIRED	
80 0000	High School Participant						N			
90 0000	UNDECLARED DEGREE		UNDECLARED DEGREE		Y	NCA				

Alabama College System

Reid State Technical College

Cip Code Cip Title Dept Code 2006 - 2007 Program Hlth School Award Inst Credit P/O C/S Options

900001	UNDECLARED NON-DEGREE	UNDECLARED NON-DEGREE	N	NCA						
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Student enrollment trends for instructional programs for the period 2005-06 through 2007-08 are noted below.

Cip Code	Reid State Technical College	Unduplicated Headcount			3-Year Average
		2005-06	2006-07	2007-08	
11.0101	COMPUTER INFORMATION SYSTEMS	48	51	39	46
120401	COSMETOLOGY	75	62	63	66
12.0499	COSMETOLOGY INSTRUCTOR TRAININ	1	0	0	0
19.0708	CHILD CARE & DEVELOPMENT	50	42	35	42
30.9999	OCCUPATIONAL TECHNOLOGIES DEG	1	2	0	1
46.0201	BUILDING CONSTRUCTION TECHNOL	25	20	20	21
47.0105	INDUSTRIAL ELEC./ELECTRONICS	64	59	91	71
47.0603	COLLISION REPAIR TECHNOLOGY	43	34	26	34
480508	WELDING	46	44	59	49
49.0205	COMMERCIAL TRUCK DRIVING	33	21	19	24
511613	PRACTICAL NURSING	260	261	265	262
51.1614	NURSING ASSISTANT	39	26	26	30
52.0401	OFFICE SYSTEM TECHNOLOGY	91	83	120	98
70.0001	UNDECLARED DEGREE	162	131	139	144
	TOTAL	938	836	902	888

Source: The Alabama College System data which includes Alabama Community and Technical colleges as submitted each term to the Department of Postsecondary Education. Note 1: An academic year is defined as Fall, Spring and Summer terms.

The number of students earning awards from approved instructional programs, by program, for the period 2005-06 through 2007-08 is as follows.

Cip Code	Reid State Technical College	Number of Students Earning Degrees			3-Year Average
		2005-06	2006-07	2007-08	
11.0101	COMPUTER INFORMATION SYSTEMS	5	12	6	7
120401	COSMETOLOGY	28	25	17	23
12.0499	COSMETOLOGY INSTRUCTOR TRAININ	0	0	0	0
19.0708	CHILD CARE & DEVELOPMENT	11	22	17	17
30.9999	OCCUPATIONAL TECHNOLOGIES DEG	1	1	1	1
46.0201	BUILDING CONSTRUCTION TECHNOL	7	4	5	5
47.0105	INDUSTRIAL ELEC./ELECTRONICS	17	11	15	14
47.0603	COLLISION REPAIR TECHNOLOGY	11	8	5	8
480508	WELDING	7	10	5	7
49.0205	COMMERCIAL TRUCK DRIVING	18	17	13	16
511613	PRACTICAL NURSING	68	43	35	49
51.1614	NURSING ASSISTANT	19	13	22	18
52.0401	OFFICE SYSTEM TECHNOLOGY	19	10	19	16
		211	176	165	181

Source: The Alabama College System data which includes Alabama Community and Technical colleges as submitted each term to the Department of Postsecondary Education. Note 1: An academic year is defined as Fall, Spring and Summer terms.

The instructional programs of the two institutions are, in many respects, complementary and the affected portion of the academic inventories can easily be merged. In developing the appropriate academic inventory resulting from the merger of Alabama Southern Community College and Reid State Technical College, the academic inventory for the merged Alabama Southern Community College will be altered to include all non-duplicative programs of study, awards, and courses presently offered by Alabama Southern Community College and by Reid State Technical College.

Section VIII – A description of library/learning resources to support the programs at the newly consolidated or merged institution.

The Learning Resource Centers of the two institutions are functioning well and are more than adequate to serve students, faculty, staff, and the community. They are in many respects complementary because of the similar technical programs taught by both institutions.

The mission of the Learning Resource Center (LRC) at Alabama Southern Community College is to facilitate and enhance learning by providing access to innovative technologies, by acquiring and maintaining learning resources in a variety of formats, and by promoting research activities. The LRC is committed to meeting the informational, educational, and cultural interests of the students, faculty, staff, and extended community of Alabama Southern Community College in accordance with the mission and goals of the institution.

Alabama Southern Community College currently has library facilities on the Monroeville, Thomasville, Gilbertown, and Demopolis Campuses, as well as access to online library research materials to provide easy access to all employees, students, and the extended community. The library presently serves a population of approximately 1300 students, 144 full-time employees and the surrounding community each semester. Satellite library reserve units accommodate instructors who reserve specialized resources in their instructional areas for an extended period of time.

Alabama Southern uses the Atrium Software System for cataloging. The computerized system provides access to the OPAC (on line public access catalog) and cataloging/classification of library resources. The Alabama Virtual Library provides all students, teachers, and citizens of the State of Alabama with online access to essential library and information resources. The AVL allows students access to thirty-two databases, as well as, most Alabama libraries. Students may access, retrieve and print library information from journals and reference sources at no cost, as well as, make photocopies of library information in the library free of charge. Passwords to the AVL for off-campus use are available upon request at all Alabama Southern Library sites.

The Learning Resource Center of Alabama Southern Community College with its four libraries supports all the educational needs of students, faculty and staff, based on the mission of the college. Each library is also unique to the culture of the community that it serves. The libraries combined holdings total 42,764 titles in various formats, an endless collection of journals and periodicals, and a number of audiovisual materials. Students at all Alabama Southern sites may access, review, request library resources via e-mail, fax, and phone and receive the resources from any Library site via campus courier, U. S. Postal Service and campus mail within two days upon receiving request.

The John Dennis Forte Library, located on the Monroeville Campus, was renovated in 2000.

The library building is in the center of the campus. It has a reference area, main library area and two mezzanines. One side of the mezzanine has ten computers and printers available for student access to library resources, WebCT/Blackboard, tutorials, word processing, instructors' websites and other Internet sources, and a TV-VCR with headphones. The other side of the mezzanine has study tables, and a TV-VCR with headphones. In the Reference area there are four computers and a printer designated specifically for access to the OPAC. Students may use these computers for other purposes, with permission, when all other computers in the library are in use. The holdings contain 22,873 volumes, 2519 videos, 202 CD/DVDs, and 67 computer programs. The Alabama Collection (books by and about Alabamians) is located in the Reference area. A reserved collection of signed Alabama titles are housed in the video collection area. This area is accessible with permission only. Since most classrooms are equipped with high-tech, innovative technological access, the Library has available for check-out to students and faculty, a TV-VCR, video camera/tripod, slide projectors/screen, tape recorders and CD/DVD players. The Library Building has on permanent exhibit works of the Sekeres Art Museum. An oil portrait of the ten Alabama Southern Regional Writers by former Alabama Southern student, Johanna Bush, and the five Alabama Literary Icons by NALL are on exhibit in the reading area of the library. Other Sekeres pieces by Alabama artists are located in the library building hallways.

The Thomasville Library, located in the Willie Paul Building, that also houses the Distance Learning Center, and the Business Technology Classrooms and Offices, was renovated in 2003. The Library has a reading area, a reading room, and a designated reference section and an audio/video collection in the office area. Fifteen computers allow students to have access to library resources, WebCT/Blackboard, tutorials, instructors' website, word processing, and other Internet resources. Students may access OPAC from all computers on campus. The collection contains approximately 5,000 books, 155 videos, 63 CD/DVD's, and other programs. The Katherine Tucker Windham (KTW) Museum is housed in the Library and on the walls of the hallway of the Willie Paul Building. The Museum depicts the life of the internationally known storyteller, author and photographer, a native of Thomasville, who currently resides in Selma, Alabama. The library houses a collection of signed copies of the author's books, videos and cassettes. A collection of the author's cameras is on permanent exhibit in the KTW Reading Room. On permanent exhibition in the Reference section is the attire the author wore in the Alabama Public Television (APTV) Tutwiler Documentary: "My Name is Julia." A sculpture of Katherine Tucker Windham by Selma native and internationally famous "tin man", Charlie Lucas, greets each patron at the entrance of the library.

The Gilbertown Center Library, constructed in 2004, is located in the W. H. "Pat" Lindsey Library and Adult Education Community Center. A partnership between the Mayor and Citizenry of Gilbertown and Alabama Southern Community College was formed to write a proposal to secure funds for the building. The grant was awarded to construct a facility to provide access to resources and services for lifelong learning for Alabama Southern students and all citizens of Gilbertown. The library has a reading area, open stack area, eight computers for access to library resources, WebCT/Blackboard, tutorials, instructors' websites, word processing, Internet programs, a Children's Corner, a Reference Section and an Alabama Collection Section.

The Demopolis Center Library, located in the newly constructed Alabama Southern-Demopolis facility, provides library services and resources to students, faculty, and constituents of the local community.

Reid State Technical College also provides access to essential references and specialized program resources. The newly constructed Edith A. Gray Library and Technology Center opened on December 11, 2005. The building is a two story, state-of-the-art, technologically advanced facility located at the entrance of the campus. The library provides web-based learning resources and services including an online catalog for books, periodicals, and multimedia materials. The library's print collections include a Reference Collection, Alabama Collection, and a current and bound periodical collection located on the main floor of the building. The second floor houses the Circulating Collection as well as a collection of fiction and nonfiction best sellers, a folio collection, and multimedia materials. The library offers services such as reference assistance, library information literacy classes, and interlibrary loans. A photocopy center and microcomputers are also available. Special programs and annual activities honoring library events are open to students, faculty, staff, and the community. This library contains 3,473 volumes and serves approximately 584 students, 65 full-time employees as well as constituents in the surrounding community.

A review of resources is routinely held for scope and quality to ensure optimum usefulness for the specific instructional programs offered by the institutions. Yearly review of materials by faculty is encouraged for the purpose of deleting old materials and upgrading current selections. This weeding process ensures that there are adequate shelf space and quality materials. Student and faculty surveys and interviews indicate that the library services are more than adequate. The libraries contain adequate areas for study and small group meetings based on observational studies of usage.

Each institution has sufficient resources to support the programs of the merged institution and the merger will actually serve to increase access to the library holdings of all communities in the service area at no additional expense or inconvenience to the library patrons.

Section IX – A description of the impact of the consolidation or merger upon the ability of the new community college to provide training for business and industry within the college service area.

The merged Alabama Southern Community College will continue to improve and expand customized training and services for local industries currently provided by both Alabama Southern Community College and Reid State Technical College. The Alabama Technology Network of Alabama Southern Community College, the National Center for Pulp and Paper Training, and the Industry Alliance Partnerships have become well established and will be expanded. At Alabama Southern Community College, 1,020 individuals at 14 local businesses were served through ATN last year. The merger will improve the delivery of services for businesses and industries through a strengthened comprehensive community college. The integration of academic and technical expertise through the comprehensive community college will facilitate the delivery of a wider range; and improved quality of services to meet the more complex and evolving needs of businesses and industries throughout the communities within the service area of the college. The merged institution will provide industries throughout the service area with a single focal point in addressing and coordinating their educational needs. Thus, the merger will be a valuable asset to local and regional economies, to business vitality, to economic development and to workforce training and development.

Through the merger, Alabama Southern Community College will be better able to meet the overwhelming needs for adult education and GED preparation, as well as non-traditional, non-credit, short-term, on-demand skills training for employers and for the workforce, many of whom have “fallen through the cracks” of the current educational system. Alabama Southern Community College will be actively involved in Alabama’s WIA training system. The *Workforce Investment Act of 1998* revolutionizes the provision of workforce training through the creation of a statewide “one-stop” delivery system for workforce training. This consists of a network of workforce training service providers such as Alabama Southern Community College, acting cooperatively with entities in each region of the state designated for purposes of the Act as official “one-stop” training centers. Under the WIA legislation and the ensuing WIA system, Alabama Southern Community College will be a mandatory partner in the one-stop career center system and in the provision of training services to clients. Alabama Southern Community College has established and will continue to offer programs as a WIA eligible service provider for the WIA clients, both those seeking services leading to employment and employers seeking training providers.

Section X – A description of the impact of the consolidation or merger upon the ability of the new community college to provide community service and continuing education opportunities to the residents of the service area.

While all of the services referenced above receive some state level fiscal support, there are still other needs of the community and its citizens that warrant attention but are not fiscally state supported. The comprehensive community college resulting from this merger will collaborate with local agencies in support of such community needs as cultural enrichment, adult literacy, and other areas of civic need which will enhance the quality of life in the affected communities and in the region. Additionally, many community residents will desire vocational learning which is not addressed in the state supported curricula. The comprehensive community college resulting from this merger will respond to these needs by providing self-supporting continuing education courses, based upon the interests of community residents.

Section XI – A student population projection and student demographic analysis for the new community college.

The combined service area of Alabama Southern Community College and Reid State Technical College will include: Butler, Choctaw, Clarke, Conecuh, Marengo, Monroe, and Wilcox counties. The U.S. Census Bureau and the Department of Industrial Relations offers the following information for the named counties.

County	Total Population	Per Capita Income	Median Income	% over age 25 without 4-year degree	% without high school degree	Unemployment
Butler	20,090	\$15,715	\$30,460	90%	32%	13.2%
Choctaw	14,055	\$14,635	\$31,508	90%	35%	11.5%
Clarke	26,304	\$14,581	\$32,627	88%	29%	13.3%
Conecuh	13,066	\$12,964	\$27,555	91%	32%	16.2%
Marengo	21,055	\$15,308	\$32,747	88%	28%	11.9%
Monroe	22,553	\$14,862	\$32,367	88%	32%	16.5%
Wilcox	12,803	\$10,903	\$21,325	90%	40%	22.5%
Total	129,926	\$14,138 (Average)	\$29,798 (Average)	89% (Average)	33% (Average)	15% (Average)
Alabama	4,661,900	\$18,189	\$40,596	81%	25%	9%

All counties are located in rural southwest Alabama and suffer from low educational attainment, economic hardships, and high unemployment. While to some the numbers look bleak, to educators, therein lies potential. As these trends are likely to continue, and enrollment increase as a result, it is more important than ever to create an educated workforce, one that is prepared to compete for job openings when they occur. It is believed that the merger will better align resources and educational programming in order to immediately offer more accessible services to the citizens of the newly formed service area and enhance the economic development efforts of the region.

The enrollment of Alabama Southern Community College has remained stable over the past six years. The headcount enrollment for fall semester for the last six years has only varied from a low of 1,245 to a high of 1,314 with an average enrollment of 1,280. Reid State Technical College's enrollment however, has shown a significant decline from fall semester 2002 to fall semester 2006 (816 to 545). Fall semester 2006 marked the end of the decline in enrollment with fall semester enrollment increasing to 584 in 2007. The benefits of the merged institution are expected to positively influence the enrollment of the Reid State Technical College component primarily because of the ability to offer accredited university transfer courses to students.

Alabama Southern Community College Enrollment Performance

	Actual 2002-03	Actual 2003-04	Actual 2004-05	Actual 2005-06	Actual 2006-07	Actual 2007-08	Annual Average
Fall Headcount	1,282	1,292	1,278	1,270	1,314	1,245	1,280
Fall FTE	1,029	1,030	1,026	999	1011	918	1,002

**Reid State Technical College
Enrollment Performance**

	Actual 2002-03	Actual 2003-04	Actual 2004-05	Actual 2005-06	Actual 2006-07	Actual 2007-08	Annual Average
Fall Headcount	816	805	618	660	545	584	671
Fall FTE	602	607	464	438	385	414	485

Student demographic analysis for both institutions over the last several years follows.

**Student Demographics for Selected Institutions
Fall Terms 2002-03 thru 2007-08
Average Headcount**

	Alabama Southern Community College	Reid State Technical College
GENDER:		
Female	817	448
Male	463	223
ETHNIC ORIGIN:		
Asian	4	1
Black	612	378
Hispanic	6	2
American Indian	6	8
Other	8	2
White (Non-Hispanic)	644	280

Section XII- *A disposition of existing facilities, equipment, and supplies for the consolidated or merged institution as it affects the new community college.*

All facilities, equipment, resources, and supplies of Reid State Technical College at the time of the official recognition of the merger by the Commission on Colleges of the Southern Association of Colleges and Schools, and final authorization by the Chancellor and the Alabama State Board of Education, will become the property of Alabama Southern Community College.

Section XIII – *A description of the fiscal support available for the new community college, including a copy of the most recent financial audits of the affected institutions, and a financial impact statement regarding their consolidation or merger.*

Based upon the current trend of the national and state economies, revenues for the proposed combined institution should continue to remain flat based on a probable reduction in the State allocation of approximately five percent for the 2009-10 fiscal year. This reduction will be offset in

part with the increased tuition revenue generated by the need for additional workforce development training created as a result of the high unemployment in the service area. Federal funds available to the merged institution are expected to remain stable. Although no positions will be eliminated as a result of the merger, through attrition and not replacing duplicate executive and administrative positions, the merger/consolidation should result in an estimated cost savings of approximately \$420,000 per year. This savings will provide monies that can be redirected into instructional programs. A copy of the most recent financial audits of the two institutions is included (see Appendix D).

**Description of Fiscal Support
Revenue Sources for Year Ending September 30, 2008**

Sources	Alabama Southern	Reid	Total
Tuition/Fees	\$1,505,773	\$563,878	\$2,069,651
State Appropriation	\$11,921,522	\$6,334,008	\$18,255,530
Federal	\$6,399,450	\$1,329,916	\$7,729,366
State/Local Grants and Contracts	\$380,516	\$280,530	\$661,046
Nongovernmental Grants and Contracts	\$0	\$0	\$0
Private	\$1,750	\$150	\$1,900
Auxiliary Enterprises	\$541,622	\$148,077	\$689,699
Other	\$205,740	\$107,668	\$313,408
Total	\$20,956,373	\$8,764,227	\$29,720,600

*Source: 2007-2008 Financial Statements

Section XIV- A plan setting forth the steps to be taken and time lines to achieve the administrative and programmatic consolidation or merger of the institutions involved into a single comprehensive community college, developed with input from the consultations between personnel at the institutions to be consolidated or merged.

The merger of these two institutions shall proceed in two phases commencing with an administrative merger/consolidation, for which a detailed plan shall be developed by the institutions involved. The plan shall contain a description of the administrative organization for the emerging merged institution with a specific time line noting the initiation and completion dates of the administrative phase of the merger. The administrative merger of the two institutions should include appropriate tasks noted in the *Content of the Substantive Change Prospectus* (See Appendix E). The second, or programmatic, phase of the merger requires from the institutions a detailed plan for the final phase of the merger, to contain a description of the educational program as impacted by the merger, including an inventory of all programs as well as specific information relating to

programmatic realignments, and a specific time line indicating the initiation and completion dates of the programmatic phase of the merger.

Section XV- Provision for planned professional development to enhance and support the growth of the new comprehensive community college.

The administrative staff of the merged institution will engage in a planned professional developmental program designed to support the merger process, to include staff from both institutions, in order to enhance the continued development of a more comprehensive community college.

Section XVI – A description of the geographic area to be served by the new community college.

Alabama Southern Community College and Reid State Community College will merge and the name Alabama Southern Community College will be maintained by the merged institution. The new service area will include Butler, Choctaw, Clarke, Conecuh, Marengo, Monroe, and Wilcox counties. These counties are located in rural southwest Alabama, an area traditionally associated with low income, low rates of educational attainment, and high unemployment.

The geographic area to be served includes approximately 6,667 square miles, with an average of 20 people per square mile. Because of the geographic isolation of the area, access to college and the expense of bringing quality programming to rural areas is a constant concern for all; however, by merging the resources of the aforementioned institutions, student access will be enhanced while maintaining fiscally responsible business practices.

Shown on the following page is a map indicating the specific locations to be served by the merger:



Alabama Southern
Community College
Service Area
and Campus Locations



Section XVII – *A specific time line defining the entire consolidation or merger process.*

It is anticipated that the administrative phase of the merger will be completed by December 31, 2009, and that the programmatic phase of the merger will be completed by July 1, 2010.

Section XVIII- *The Commission on Colleges of the Southern Association of Colleges and Schools and the Alabama Commission on Higher Education shall be notified at the beginning of the planning process for consolidations or mergers and at least six months in advance of the designated date for final approval, in accordance with its provisions for substantive change.*

The process of merger began with the official notification to the Commission on Colleges of the Southern Association of Colleges and Schools and the Alabama Commission on Higher Education on April 10, 2009. Both Alabama Southern Community College and Reid State Technical College will be responsible for the timely submission of the combined application for merger/redesignation submitted under the Substantive Change Procedures, of the *Substantive Change for Accredited Institutions of the Commission on Colleges* of the Southern Association of Colleges and Schools.

Section XIX – *The Alabama State Board of Education directs the president(s) and the Chancellor, when necessary to visit the Southern Association of Colleges and Schools personally to assure understanding and communication concerning pending consolidations and mergers.*

The Chancellor will approve all elements of the transition plan for carrying out both phases of the merger, and will monitor the progress of the institution in achieving the merger. The merged/redesignated institution shall not be recognized as one institution until the administrative and programmatic phases are completed, the Commission on Colleges of the Southern Association of Colleges and Schools and the Alabama Commission on Higher Education have recognized and approved the merger/redesignation, and the Alabama State Board of Education has rendered final approval. The Chancellor will report annually for the first three years to the Alabama State Board of Education concerning the progress of the merger/consolidation including elements of fiscal, programmatic and administrative accountability.

STATEMENT OF INTENT TO MERGE
ALABAMA SOUTHERN COMMUNITY COLLEGE
AND
REID STATE TECHNICAL COLLEGE



APPENDIX A
STATEMENT OF ASSURANCES

STATEMENT OF ASSURANCES

It is expressly understood and acknowledged by all parties that as a consequence of the merger:

- Full-time employees of Alabama Southern Community College and Reid State Technical College will become and/or remain the employees of Alabama Southern Community College, retaining all rights, privileges, and benefits previously granted by Alabama Southern Community College and Reid State Technical College including, but not limited to, seniority, retirement, and tenure.
- Alabama Southern Community College will provide comprehensive services to the community and area served including strengthened occupational/vocational and career/technical training, certificate and degree programs; adult learning opportunities; civic, social, cultural, and personal development opportunities; business and industry training opportunities; and active involvement and support of workforce and economic development.
- All students currently enrolled in programs of study at Alabama Southern Community College and at Reid State Technical College will be permitted to complete their programs under the same terms, conditions, understandings, and assurances they received upon entering their current program of study. All programs of study currently offered at Reid State Technical College will be assumed by, and transferred to the academic inventory of Alabama Southern Community College.
- Alabama Southern Community College will maintain regional accreditation with the Commission on Colleges of the Southern Association of Colleges and Schools.
- The administrative staff of Alabama Southern Community College will engage in a planned professional development program with employees of Reid State Technical College designed to support and enhance the development and operation of a comprehensive community college, including provision for university parallel transfer programs as well as non-traditional, non-credit, short-term, on-demand, non-tuition driven career/technical training efforts to enhance existing traditional career/technical programs.
- The equipment, facilities, and resources of Reid State Technical College, pending final authorization by the Chancellor and the Alabama State Board of Education, will become and/or remain the property of Alabama Southern Community College.
- The Chancellor will approve the transition plan, monitor the actions taken, evaluate their effectiveness, and report annually to the Alabama State Board of Education on the progress made. This report will be made for at least the three years immediately following conclusion of the merger, and will include fiscal accountability, programmatic accountability, and administrative accountability.
- With the merger of Alabama Southern Community College and Reid State Technical College, Alabama Southern Community College will abide by the hiring guidelines and all other aspects of law including, but not limited to, those specified in Lee v. Macon, Knight, Jr. et. al. v. the Alabama State Board of Education, the Shuford/Johnson/Kennedy case, and other applicable legal actions.

STATEMENT OF INTENT TO MERGE
ALABAMA SOUTHERN COMMUNITY COLLEGE
AND
REID STATE TECHNICAL COLLEGE



APPENDIX B

Summary of Benefits of the Merger
of
Alabama Southern Community College
and
Reid State Technical College

**SUMMARY OF BENEFITS OF THE MERGER OF
ALABAMA SOUTHERN COMMUNITY COLLEGE
AND
REID STATE TECHNICAL COLLEGE**

PURPOSE

The purpose of this merger is to provide comprehensive community college services to southwest Alabama. This merger will enhance access to quality instructional services and activities; allow for redistribution of resources from duplicative administrative functions, courses, and student activities; allow for an economy of scale to enhance efficiency of operation; and enhance civic, social, and cultural environments of the College's service area. Comprehensive community college services can be achieved most efficiently by the merger. The following are benefits to constituents resulting from the merger.

EXAMPLES OF BENEFITS TO SUCH A MERGER

Enhanced Course Offerings

A merger between the two institutions would specifically allow an expansion of course offerings at the Reid State Technical College component (Evergreen Campus) in the form of accredited university transfer courses for traditional students, online students, and dual enrolled students in the expanded service area.

Increased Viability

An economy of scale through enhancing the efficiency of operation by increasing the viability of courses offered because of a potential increase in class sizes and an increase in the efficiency of faculty assignments. Additional students enrolled in similar programs at a merged institution will increase the program viability of each of these programs.

Elimination of Competition

The elimination of competition between colleges for student enrollment will allow for concentrated spending efforts in advertising and marketing. Duplicated courses will be eliminated, thereby creating efficiencies in hiring with the resulting savings in salaries and benefits.

Competition for local external funds will be eliminated and partnerships such as Business and Industry Alliances, the Regional Healthcare Alliance, the National Center for Pulp and Paper Training, the Alabama Technology Network, Cultural Tourism Efforts, and Shared Library Resources are enhanced because of the concentrated efforts of the merged institutions.

Increased Utilization of Personnel

Personnel will be merged into like functions or reassigned to better serve the merged college. In compliance with past assurances and policies, no current employee will lose his or her job as a result of the merger.

Increased Effective Management of Financial Resources

The financial resources currently used to provide indirect instructional and student services support such as advisement, counseling, testing, records management, financial aid assistance, student activities, etc. may be consolidated and used to enhance course diversification and student services under a merged institution.

The financial resources from both institutions currently used to advertise courses, recruit students, publish college forms, brochures, catalogs, and other printed material can be better utilized to target currently under-served and unserved students in the merged College's service area.

There will also be a reduction in funds necessary to support license agreements such as the Microsoft Campus License Agreement, WebCT/Blackboard software maintenance support, administrative software maintenance support and others.

The combined financial resources of the two colleges will be more effective in providing services to constituents when managed by one institution.

Enhanced Student Support Services

The merged institution can provide greater access and quality to student support services whose programs currently may be offered only through one college (e.g., selected student organizations, federally-funded TRIO programs, athletics, etc.). Alabama Southern currently has a federally funded Student Support Services program for low income and first generation students. In addition, Alabama Southern operates a highly successful Honors Program along with several national student organizations affiliated with academic university transfer programs.

Enhanced Community Services

Resources currently used to maintain two separate community service initiatives can be merged to enhance the overall community service provided as a single institution.

Enhanced Economic Development

One comprehensive community college will provide more workforce development services and opportunities than a separate technical college and a separate community college. A merged institution can be used more effectively in marketing the community to potential businesses and industries. A single source of reference will enhance the ability of the

community to present and display its educational attributes to these prospective economic development groups.

Enhanced Articulation

Articulation will be enhanced with secondary schools of the College's service area to include both area vocational programs and university parallel college preparatory programs.

Service Area

With the merged service area, boundaries would no longer exist that currently prevent one institution from serving students outside the institution's respective service area. This will increase student access to educational services and participation in grant programs such as (1) Adult Education, (2) Talent Search, (3) Upward Bound, and (4) Student Support Services. Additionally, economic and workforce development efforts can be blended so to create even more opportunities for economic growth and local jobs.

Instructional Programs

Increased access to instructional programs will occur because of the merger of the two separate academic inventories of each college. These merged academic offerings will allow high demand and high enrollment programs to be offered simultaneously at proximate sites.

There is also the potential for decreased instructor costs because of the ability to share full-time faculty through distance learning instruction and the use of flexible teaching assignments among multiple instructional sites.

Student Services

Expanded student participation opportunities through federal program grants such as Student Support Services, Upward Bound, and Talent Search will exist. Also, students at Reid State Technical College will have the opportunity to participate in the Honors Program and national organizations supporting university transfer programs.

Overlapping service areas will be eliminated, thereby greater efficiency will occur in the coordination of recruitment of students system wide because the duplication of time and effort in the recruitment of students will be eliminated.

Business and Industry Training

Regional training efforts will be better coordinated by dealing with one institution and one staff. Reid State Technical College will have access to Alabama Southern's Alabama Technology Network which provides dedicated and specialized training for businesses and industries.

Duplication and competition will be eliminated in services provided to businesses and industries.

Resources will be shared in accomplishing training goals for business and industry training.

Administrative Services

There will be no need for the maintenance of two sets of upper level administrative staffs. The number will be reduced by attrition resulting from retirements, resignations, and reassignments (e.g., one president, one dean of students, one dean or vice president of instruction, one dean or vice president of financial affairs, etc.)

Other administrative cost savings related to personnel include:

- one president's housing allowance,
- one president's expense allowance,
- one set of institutional memberships (AACC, SACS-COC, NACUBO, etc.),
- one travel, per diem and other travel costs for the President, Vice Presidents, and Deans.

Planning

A holistic approach to planning, both long range and short term, will be achieved through the merger resulting in more effective regional planning regarding community services, instructional programs, resource allocation, grants development, and services to students.

Regional Cooperation for Economic Development, Education, and Training

Increased effectiveness in working with regional planning and development commissions, legislative delegations, chambers of commerce, and state economic developers will be achieved.

Increased effectiveness and increased services through Adult Education consortia will be achieved.

Elimination of competition between institutions for workforce training programs will be achieved.

Greater effectiveness in securing grants and contracts for the college will be achieved because of the additional demographic needs.

Greater efficiency and effectiveness in administering federal programs for secondary school systems in the college's service area (e.g., Talent Search, Upward Bound, Ready to Work, etc.) will be achieved.

STATEMENT OF INTENT TO MERGE
ALABAMA SOUTHERN COMMUNITY COLLEGE
AND
REID STATE TECHNICAL COLLEGE



APPENDIX C

**Procedure Three, Procedure
for the
Review and Approval of Consolidations/Mergers**

PROCEDURE THREE

Procedure for the Review and Approval of Consolidations/Mergers

Definition

The Commission on Colleges defines a consolidation as the combination or transfer of the assets of at least two distinct institutions (corporations) to that of a newly-formed institution (corporation), and defines a merger as the acquisition by one institution of another institution's assets. For the purposes of accreditation, consolidations and mergers are considered substantive changes requiring review by the Commission on Colleges. (Examples include: a senior college acquiring a junior college, a degree-granting institution acquiring a non-degree-granting institution, two junior or senior colleges consolidating to form a new institution, or an institution accredited by the Commission on Colleges merging with a non-accredited institution)

Procedures for a COC Member Institution Initiating a Consolidation/Merger with another COC Member Institution (s)

Time of Notification: The chief executive officers of the member institutions undergoing merger/consolidation must provide written notification of the change to the President of the Commission on Colleges six months in advance of the designated date for final approval of the consolidation/merger by the new institution's governing board. Upon notification, the President of the Commission or designated staff member will ask the institutions involved in the consolidation/merger to submit a combined written prospectus.

Submission of the Prospectus: The Commission on Colleges meets in the summer and in December. The prospectus for substantive change must be submitted to the Commission office by April 15 for review and consideration at the Commission's summer meeting in June, and by October 1 for consideration at the December meeting. The prospectus must describe how each institution plans to continue to meet the *Principles* while implementing the change. (Please refer to the Appendix for descriptions of information to be included in the prospectus.)

Review Process: The President of the Commission will forward the institutions' prospectus to the Commission on Colleges. If the prospectus is accepted, the Commission will approve the consolidation/merger of the institutions involved pending final approval by the new institution's governing board of the consolidation/merger. It also will authorize the appointment of a Substantive Change Committee to visit the new institution to determine ongoing compliance with the *Principles of Accreditation*. The institutions involved in the consolidation/merger will be considered one accredited institution after the Commission has favorably acted on the prospectus and after the newly-formed institution has received final authority from its governing board.

The Substantive Change Committee visit will occur within six months of the Commission's approval and the board's final approval of the consolidation/merger. The report of the Substantive Change Committee, together with the response of the institution to any recommendations contained in that report, will be reviewed by the Commission on Colleges. Following review, the Commission will (1) continue the new institution in accreditation or (2) impose sanctions for failure to maintain compliance with the *Principles*.

If the Commission does not approve the prospectus for a consolidation or merger and the institutions do not proceed with the change, the COC-accredited institutions will maintain their separately accredited status. However, if they continue with the change without prior approval, they could lose their accreditation. The newly-formed institution may apply for accreditation with the Commission on Colleges in keeping with the Commission's procedures for applicant institutions.

Changes to the Reaffirmation Cycle: The newly consolidated/merged institution will be required to achieve reaffirmation of accreditation within five years following the Commission's action to continue accreditation. The institution will then maintain the normal ten-year reaffirmation cycle. If the Commission determines that the substantive change adversely affects each member's continued compliance with the *Principles of Accreditation*, the accreditation of all member institutions involved will be placed in jeopardy.

***Procedures for a COC Member Institution Initiating
a Consolidation/Merger with a Non-COC Accredited Institution***

Time of Notification: The chief executive officer of the COC-accredited institution undergoing consolidation/merger must provide written notification of the change to the President of the Commission six months in advance of the designated date for final approval of the consolidation/merger by the new institution's governing board. Upon notification, the President of the Commission or designated staff member will ask the COC-accredited institution to submit a written prospectus.

Submission of the Prospectus: The Commission on Colleges meets in the Summer and in December. The prospectus for substantive change must be submitted to the Commission office by April 15 for review and consideration at the Commission's summer meeting in June, and by October 1 for consideration at the December meeting. The prospectus must describe how the member institution plans to continue to meet the *Principles* while implementing the change. (Please refer to the Appendix for descriptions of information to be included in the prospectus.)

Review Process: Upon receipt of the prospectus, the President of the Commission will refer it to the Commission on Colleges for review. Following review, the Commission will (1) accept the prospectus and authorize the appointment of a Substantive Change Committee to visit the institution, (2) deny acceptance of the prospectus, or (3) defer action to the next Commission meeting, pending submission of additional information.

If the prospectus is accepted, the institutions can begin implementation of the consolidation/merger. During this time, the accreditation status of the COC-accredited member institution will remain unchanged until after the consolidation/merger has been approved by the Commission.

A Substantive Change Committee visit will occur within six months of its authorization. The report of the Substantive Change Committee, together with the response of the member institution to any recommendations contained in that report, shall be reviewed by the Commission on Colleges. The Commission will (1) approve the consolidation/merger of the newly-formed institution, (2) deny the consolidation/merger for failure of the new institution to comply with the *Principles*, or (3) defer action.

If the Commission does not accept the prospectus for a consolidation/merger or the Commission does not approve the consolidation/merger following the visit by the Substantive Change Committee and the COC-accredited institution does not proceed with the change, the COC-accredited institution will maintain its separately accredited status. However, if the member institution continues with the change without prior or final approval, it could lose its accreditation with the Commission. The newly-formed institution may then apply for accreditation with the Commission on Colleges in keeping with the Commission's accreditation procedures for applicant institutions...

Changes to the Reaffirmation Cycle: The newly consolidated/merged institution will be required to achieve reaffirmation of accreditation within five years following the Commission's action to continue accreditation. The institution will then maintain the normal ten-year reaffirmation of accreditation cycle. If the Commission determines that the substantive change adversely affects each member's continued compliance with the *Principles of Accreditation*, the accreditation of the COC member institution involved shall be placed in jeopardy.

**STATEMENT OF INTENT TO MERGE
ALABAMA SOUTHERN COMMUNITY COLLEGE
AND
REID STATE TECHNICAL COLLEGE**



APPENDIX D

**2006-2007 Audited Financial Statements for
Alabama Southern Community College
And
Reid State Technical College**

Report on the

Alabama Southern Community College

Monroeville, Alabama

October 1, 2006 through September 30, 2007

Filed: June 27, 2008



Department of

Examiners of Public Accounts

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Ronald L. Jones, Chief Examiner

08-434

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Ronald L. Jones
Chief Examiner

State of Alabama
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Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-14, we submit this report on Alabama Southern Community College for the period October 1, 2006 through September 30, 2007.

SCOPE AND OBJECTIVES

This report encompasses an audit of the financial statements of Alabama Southern Community College (the "College") and a review of compliance by the College with applicable laws and regulations of the State of Alabama and federal financial assistance programs. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America for financial audits. The objectives of the audit were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the College has complied with applicable laws and regulations.

CONTENTS OF REPORT

This report includes the following segments:

1. **Report to the Chief Examiner** – contains items pertaining to state legal compliance, agency operations and other matters.
2. **Independent Auditor's Report** – reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations.
3. **Management's Discussion and Analysis (MD&A)** – a component of Required Supplementary Information (RSI) prepared by the management of the College introducing the basic financial statements and providing an analytical overview of the College's financial activities for the year. This information is supplementary information required by the Governmental Accounting Standards Board (GASB). This information has not been audited, and as a result, no opinion is provided about the fairness of the information in accordance with generally accepted accounting principles.
4. **Financial Section** – includes basic financial statements (Exhibits 1 through 3) and Notes to the Financial Statements.

5. Supplementary Information – includes the Schedule of Expenditures of Federal Awards (Exhibit 4), which details federal awards expended during the audit period, and Notes to the Schedule of Expenditures of Federal Awards.
6. Additional Information – contains basic information related to the College (Exhibit 5) and the following reports and item required by generally accepted government auditing standards and/or U. S. Office of Management and Budget (OMB) Circular A-133 for federal compliance audits:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (Exhibit 6) – a report on internal control related to the financial statements and on whether the College has complied with laws and regulations which could have a direct and material effect on the College's financial statements.

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 (Exhibit 7) – a report on internal control over compliance with requirements of laws, regulations, contracts and grants applicable to major federal programs and an opinion on whether the College complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.

Schedule of Findings and Questioned Costs (Exhibit 8) – a report summarizing the results of the audit findings relating to the financial statements as required by *Government Auditing Standards* and findings and questioned costs for federal awards as required by OMB Circular A-133.

AUDIT COMMENTS

Alabama Southern Community College is a two-year institution under the direction of the Alabama State Board of Education. The parent campus is located in Monroeville, Alabama with other campuses located in Thomasville and Gilbertown. The mission of the College is to provide an effective and relevant educational program, which will assist its students in recognizing and more fully utilizing their capabilities, as well as to provide its students with the opportunity for personal self-fulfillment and contribution to the larger society.

Alabama Southern Community College awards associate degrees in art, science, applied science, and certificates in certain vocational programs. The College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

Dependent tuition waivers of \$2,059.00 were not allowed and were repaid prior to the completion of this audit.

STATUS OF PRIOR AUDIT FINDING

It appears that the prior audit finding has been resolved.

Sworn to and subscribed before me this
the 16th day of June, 2008.

Sandra E Shirley
Notary Public

Sworn to and subscribed before me this
the 16th day of June, 2008.

Sandra E Shirley
Notary Public

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Respectfully submitted,

Carla Sharpe

Carla Sharpe
Examiner of Public Accounts

Adrienne Cox

Adrienne Cox
Examiner of Public Accounts

Independent Auditor's Report

We have audited the accompanying basic financial statements of Alabama Southern Community College, as of and for the year ended September 30, 2007, as listed in the table of contents as Exhibits 1 through 3. These basic financial statements are the responsibility of Alabama Southern Community College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Alabama Southern Community College, as of September 30, 2007, and its changes in financial position, including cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2008, on our consideration of Alabama Southern Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Alabama Southern Community College, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 4) is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

May 9, 2008

Management's Discussion and Analysis
(Required Supplementary Information)

Overview of the Financial Statements and Financial Analysis

Alabama Southern Community College presents its financial statements for the fiscal year 2006 using the financial reporting format adopted by the Governmental Accounting Standards Board with the issuance of Statements 34 and 35. Comparative data are presented for fiscal years 2003 thru 2006. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and, the Statement of Cash Flows. The financial statements use presentation models whereby all College activities are consolidated into one total. This approach is intended to summarize and simplify the user's analysis of costs of various College services to students and the public.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College at the end of the fiscal year. This statement presents a fiscal snapshot of Alabama Southern Community College as of September 30, 2006. The Statement of Net Assets is classified between current assets/liabilities and noncurrent assets/liabilities. Normally, current liabilities will be paid within one year of the date of the Statement of Net Assets, and current assets are those available to satisfy the current liabilities.

From the data presented, readers of the Statement of Net Assets are able to determine the viability of the institution by comparing the assets available for college operations to the liabilities represented by the amounts owed employees, vendors, and lending institutions. Finally, the Statement of Net Assets provides a listing of the net assets (assets minus liabilities) and their availability for expenditure by the institution.

Net Assets are divided into three major categories. The first category, invested in capital

assets, net of debt, provides the equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two groups, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of assets. The final category is unrestricted net assets that are available to the institution for any appropriate purpose of the institution.

Statement of Net Assets (thousands of dollars)

	September 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assets:				
Current Assets	\$ 5,022	\$ 4,762	\$ 6,115	\$ 6,548
Capital Assets, net	5,058	4,995	5,438	11,091
Other Assets	<u>755</u>	<u>789</u>	<u>964</u>	<u>983</u>
	<u>10,835</u>	<u>10,546</u>	<u>12,517</u>	<u>18,622</u>
Total Assets				
Liabilities:				
Current Liabilities	\$ 1,247	\$ 1,126	\$ 1,214	\$ 2,260
Noncurrent Liabilities	<u>240</u>	<u>217</u>	<u>3,227</u>	<u>7,163</u>
Total Liabilities	<u>1,487</u>	<u>1,343</u>	<u>4,441</u>	<u>9,423</u>
Net Assets:				
Invested in Capital Assets, net of debt	\$ 5,058	\$ 4,995	\$ 5,438	\$ 5,073
Restricted – nonexpendable	150	150	150	150
Restricted – expendable	2,210	250	250	250
Unrestricted	<u>1,930</u>	<u>3,809</u>	<u>2,238</u>	<u>3,726</u>
	<u>\$ 9,348</u>	<u>\$ 9,204</u>	<u>\$ 8,076</u>	<u>\$ 9,199</u>

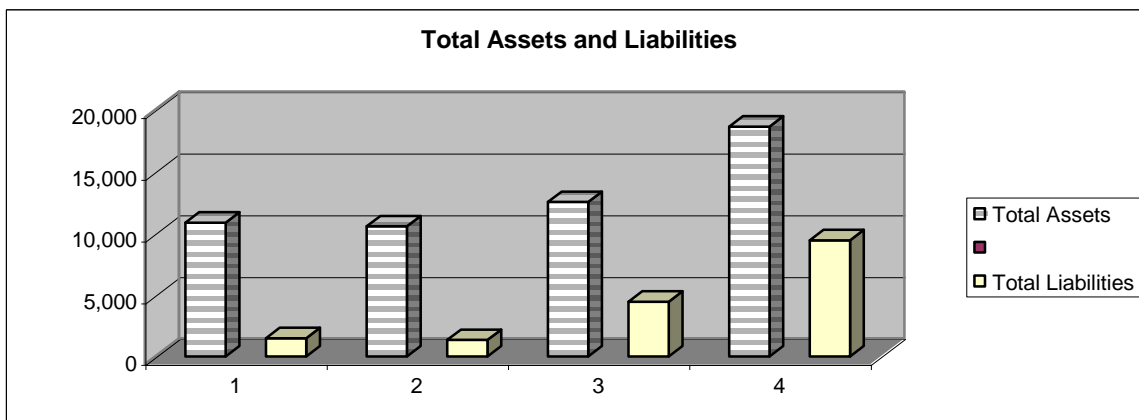
Total Net Assets

An analysis of the preceding table indicates that both assets and liabilities of the institution increased significantly over the prior year. During the 2005-06 fiscal year, the College acquired approximately 4.5 acres of land, a 9,375 square feet administration/classroom building, and a 16,340

square feet classroom/laboratory building in Thomasville for technical training of a special population. The Alabama State Board of Education in its January 26, 2006 meeting authorized Alabama Southern to acquire the land and buildings in Thomasville, Alabama to be designated as training facilities for a Life Tech program to provide male parolees with the knowledge, treatment, and training needed to make a successful reentry into society and become law-abiding citizens. This program was recommended by a Task Force on Prison Crowding commissioned by Governor Bob Riley of the State of Alabama. The contract price and subsequent increase in assets and liabilities for the improvements and property is \$5,062,920.80.

Renovations to the gymnasium and auditorium on the Monroeville campus are ongoing with the proceeds of a \$3,000,000 Bond Issue entered into with the Bank of New York. These renovations should be complete by the end of the 2006-07 fiscal year. The renovations include replacement of roofs, renovations to the basketball court area including bleachers, and renovations to the restrooms in the auditorium.

The chart below illustrates the proportionate increase in total assets and liabilities. Net assets increased by approximately one million dollars to remain inline with 2003 and 2004. Later discussions of revenues and expenditures will explain the majority of the increase.



Statement of Revenues, Expenses and Changes in Net Assets

The change in net assets from the beginning of the year to the end of the year is presented in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement presents the revenues received by the institution, both operating and nonoperating, the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution. The net income or loss from operations is also displayed on the statement.

In general, operating revenues are received for the goods and services provided to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues. Tuition and fees are operating revenues since they are received for services provided to students and other customers at the institution.

Nonoperating revenues and expenses include appropriations, gifts, and investment income. An operating loss will always result from the differences in revenues and expenditures since state appropriations are mandated as nonoperating. All investment income as well as unrealized gains and losses, are reported as part of the investment line in the nonoperating section of the statement.

As indicated earlier, the Statement of Revenues, Expenses, and Changes in Net Assets reflects an increase in net assets at the end of the year of \$1,023,000. The following table highlights the activity during the year.

Statement of Revenues, Expenses, and Changes in Net Assets (thousands of dollars)

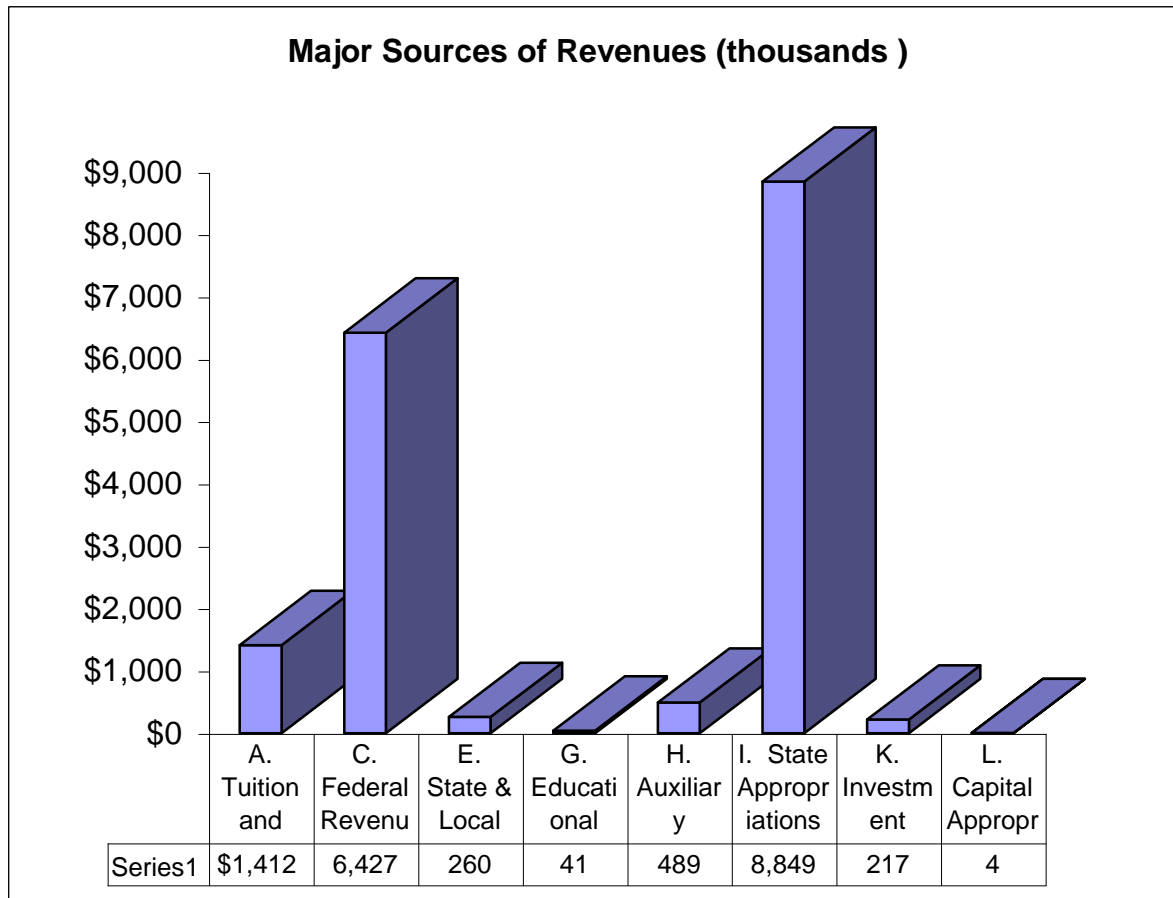
	<i>September 30</i>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating Revenues	7,874	7,107	9,061	\$8,672
Operating Expenses	<u>14,343</u>	<u>12,663</u>	<u>17,076</u>	<u>16,408</u>
Operating Loss	(6,469)	(5,556)	(8,015)	(7,736)
Nonoperating Revenues and Expenses	<u>6,019</u>	<u>5,113</u>	<u>6,535</u>	<u>8,896</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(450)	(443)	(1,480)	1,160
Other Revenues, Expenses, Gains or Losses	<u>313</u>	<u>323</u>	<u>352</u>	<u>4</u>
Increase in Net Assets	(137)	(120)	(1,128)	1,164
Net Assets at Beginning of Year	<u>9,485</u>	<u>9,348</u>	<u>9,204</u>	<u>8,076</u>
Restatements		<u>(24)</u>		<u>(41)</u>
Net Assets at End of Year	<u>\$ 9,348</u>	<u>\$ 9,204</u>	<u>8,076</u>	<u>9,199</u>

Revenue sources indicate that total income for fiscal year 2006 increased by \$1,717,000 with State appropriations increasing the largest percentage. The majority of the increase (\$878,000) came from a one-time special appropriation for the startup of the Life Tech program in Thomasville. Tuition and fee revenue increased approximately 9% from 2005 to 2006 reflecting the change in enrollment and credit hours produced during the period. The decrease in Federal revenue was offset by a decrease in scholarship expenditures. The following table shows a breakdown of the College's revenues with the chart indicating the relative strength of the major revenue sources.

Total Revenues (thousands of dollars)

September 30

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
A. Tuition and Fees	\$1381	\$1,303	\$1,347	\$1,412
B. Other Revenues	20	10	11	42
C. Federal Revenue	5,990	4,996	7,137	6,427
D. Federal Appropriations (included in C)	0	0	0	0
E. State & Local Contracts	189	261	76	260
F. Nongovernmental Grants	0	0	0	0
G. Educational Sales	49	46	38	41
H. Auxiliary Enterprises	245	491	450	489
I. State Appropriations	5894	5983	6452	8,849
J. Gifts	12	1	31	4
K. Investment Income	113	88	127	217
L. Capital Appropriations	313	323	352	4
Total Revenue	14,206	13,502	16,028	17,745



The table on the following page displays the operating revenues (in thousands of dollars) by types and their relative size to each other. Even though the Federal grants and contracts category represents the largest portion of operating revenues, aid in the form of Pell Grants paid to students comprises slightly over 50% of this category. Tuition and fee revenues are reported net of scholarship allowances, which are the differences between stated charges for goods and services provided by the institution and the amount that is paid by the students and/or third parties making payments on behalf of the students. Since revenue should only be reported once, the tuition and fees paid by Pell Grants are listed as scholarship allowances and actual tuition and fee revenues are reduced by this contra-revenue. The tuition and fees paid by Pell Grants are therefore reported in the federal grants and contracts category. Reporting tuition and fee revenues net of scholarship allowances has a significant impact on the financial statement since it reduces both financial aid

expenses and tuition and fee revenues. This same principle applies to book and supply revenue from auxiliary sales. The bookstore operating revenue in the auxiliary enterprise category is the bookstore revenue net of scholarship allowances.

The majority of the remaining monies in the federal grants and contracts revenues (over 1.4 million) are generated by Talent Search and Upward Bound Programs. These funds are spent on secondary school students to improve skills and motivate the students for success in education beyond high school. These funds are expected to remain stable in the near future with the democratically controlled Congress.

Operating Revenues (thousands of dollars)

September 30

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
A. Student Tuition	\$1,381	\$1,303	\$1,347	\$1,412
B. Other Revenue	\$ 20	\$ 10	\$ 11	42
C. Federal Revenue	\$5,990	\$4,996	\$7,137	\$6,427
D. Federal Appropriations (Included in C)	\$ 0	\$ 0	\$ 0	0
E. State and Local Contracts	\$ 189	\$ 261	\$ 76	\$ 260
F. Nongovernmental Grants	\$ 0	\$ 0	\$ 0	0
G. Educational Sales	\$ 49	\$ 46	\$ 38	\$ 41
H. Auxiliary Enterprises	\$ 245	\$ 491	\$ 450	\$ 489

The operating expenses by function stated in thousands are displayed in the following table.

Operating Expenses (thousands of dollars)

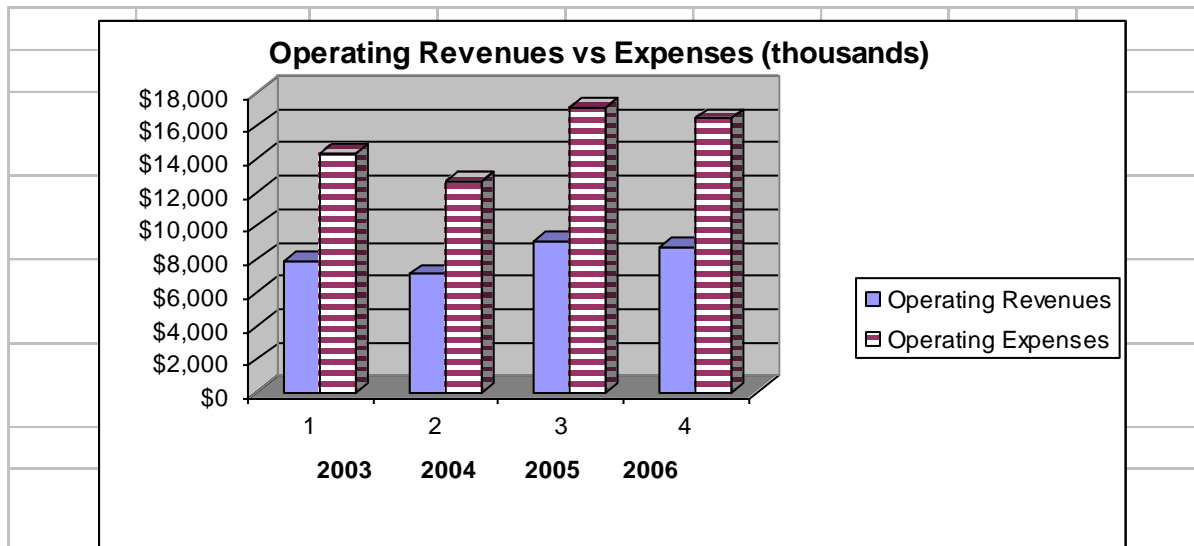
September 30

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
A. Instruction	\$4,593	\$4,587	\$ 5,311	\$ 5,537
B. Training for B & I	\$ 36			
C. Academic Support	\$1,738	\$1,789	\$ 2,885	\$ 3,095
D. Student Services	\$2,059	\$2,018	\$ 2,027	\$ 2,029
E. Institutional Support	\$1,080	\$1,298	\$ 1,643	\$ 1,654
F. O & M of Plant	\$2,197	\$910	\$ 2,125	\$ 1,698
G. Student Aid (Scholarships)	\$1,881	\$762	\$ 1,711	\$ 942
H. Auxiliary Enterprises	\$ 364	\$ 890	\$ 938	\$ 1,016
I. Depreciation	\$ 396	\$ 410	\$ 436	\$ 437

Increases in the Instruction and Academic Support functional areas were mainly caused by a 6% increase in salaries with corresponding benefits mandated by the Alabama State Legislature. The Operation and Maintenance of Plant functional category decreased significantly because most of the deferred maintenance needs have been addressed in the last 5 years. A look at the College's annual Facilities Master Plan show immediate deferred maintenance needs of \$676,620 compared to the gross capital assets of \$11,091,179. This small percentage (6.1%) of deferred maintenance needs reflects the administration's commitment to maintaining adequate physical facilities.

The two new buildings for the Life Tech program in Thomasville added 27,715 square feet to the total gross square footage of all the buildings on all campuses of Alabama Southern. This did not proportionally increase operational costs in the Operations and Maintenance function because the buildings were not put into operation until early September. These additions will increase operational costs in the future but increases in State appropriations for operation and maintenance relating to the Life Tech program were approved by the Alabama Department of Postsecondary Education and budgeted in the College's 2006-07 budget.

The following comparison in the chart below of the operating revenues to operating expenses for the four-year period indicates the ratio of operating revenues to operating expenses remained relatively constant over the four-year period (approximately 50%). The increase in nonoperating revenues (State appropriations) accounted for the majority of the increase in net assets for the current period.



Statement of Cash Flows

The third statement presented by Alabama Southern Community College is the Statement of Cash Flows, which provides detailed information about the cash activity of the institution during the fiscal year. The Statement of Cash Flows reports the cash effects during the reported period of the institution's operations (operating and nonoperating), its capital and related financing activities, and its investing transactions. In addition, the statement reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. This information can be used to determine the institution's ability to generate future net cash flows, its ability to meet the obligations as they come due, its need for external financing, and the effects of the cash and noncash investing and capital transactions during the fiscal year. The nonoperating

revenues which are reflected in the Noncapital Financing Activities in the table below accounts for the positive increase in cash from the beginning of the year to the end of the year.

Cash Flows for the Year Ended September 30, 2006 (thousands of dollars)

September 30

Cash Provided (used) by:	2003	2004	2005	2006
Operating Activities	\$(5,625)	\$(5,616)	\$(6,441)	\$(7,512)
Noncapital Financing Activities	5,911	5,021	6,430	8,849
Capital and Related Financing Activities	(713)	(657)	(590)	28
Investing Activities	3,058	(91)	55	178
Net Change in Cash	3,036	(462)	(801)	1,543
Cash, Beginning of Year	3,638	3,638	3,176	1,864
Cash, End of Year	3,638	3,176	2,375	3,407

Economic Outlook

The analysis of the Statement of Cash Flows and the Major Revenue Summary chart referenced earlier indicates the College receives significant resources from grants and contracts, tuition and fees, and state appropriations. The revenues from grants and contracts are expected to remain stable during the next four years. The College applied for a Federal Title III Grant for Strengthening Institutions during this period but did not receive funding. The proposal missed funding by less than 2 points of 100 possible. There is a high probability of receiving funding during the next funding cycle based on the positive comments of the readers of the proposal. The College will continue to pursue other revenue sources through grant proposals.

The recruiting and retention efforts of the additional professional staff hired during the 2005 fiscal year have positively impacted enrollment and retention and therefore increased tuition and fee revenue through higher credit hour production. The College expects enrollment to remain stable as a result of these efforts. The State revenue collections for the Alabama Special Education Trust Fund during 2006 have increased by approximately 10% thereby reflecting relative stability in State

appropriations for the Alabama College System and Alabama Southern Community College in the near future. These known facts and conditions are expected to have a positive impact on the financial position of the College during the next fiscal year.

Statement of Net Assets
September 30, 2007

ASSETS

Current Assets

Cash	\$ 2,596,418.12
Short-Term Investments	10,000.00
Accounts Receivable, Net	1,553,901.23
Inventories	529,783.77
Deposit with Trustees	595,102.34
Bond Issuance Costs	6,697.88
Total Current Assets	<u>5,291,903.34</u>

Noncurrent Assets

Long-Term Investments	238,298.20
Endowment Investments	668,073.60
Bond Issuance Costs	110,948.10
Capital Assets:	
Land	294,415.83
Improvements Other Than Buildings	3,559,881.08
Buildings	12,566,239.44
Construction in Progress	100,031.26
Equipment and Furniture	2,581,607.52
Art Collections	73,562.75
Library Materials	572,704.30
Less: Accumulated Depreciation	<u>(7,819,033.09)</u>
Total Capital Assets, Net of Depreciation	<u>11,929,409.09</u>
Total Noncurrent Assets	<u>12,946,728.99</u>
Total Assets	<u>\$ 18,238,632.33</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

LIABILITIES**Current Liabilities**

Deposit Liabilities	\$ 126,031.55
Accounts Payable and Accrued Liabilities	416,390.35
Deferred Revenue	774,758.12
Compensated Absences	19,474.30
Bond Payable	110,000.00
Note Payable	955,102.49
Total Current Liabilities	<u>2,401,756.81</u>

Noncurrent Liabilities

Compensated Absences	300,317.84
Bond Payable	2,675,000.00
Note Payable	3,135,636.34
Total Noncurrent Liabilities	<u>6,110,954.18</u>

Total Liabilities	<u>8,512,710.99</u>
-------------------	---------------------

NET ASSETS

Invested in Capital Assets, Net of Related Debt	5,903,880.20
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	150,000.00
Expendable:	
Educational Purposes	250,000.00
Unrestricted	<u>3,422,041.14</u>
Total Net Assets	<u>\$ 9,725,921.34</u>

Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2007

OPERATING REVENUES

Student Tuition and Fees (Net of Scholarship Allowances of \$1,640,584.56)	\$ 1,580,169.54
Federal Grants and Contracts	5,637,632.70
State and Local Grants and Contracts	670,364.03
Sales and Services of Educational Departments	51,673.47
Auxiliary Enterprises:	
Bookstore (Net of Scholarship Allowances of \$334,528.48)	514,003.14
Vending	28,588.04
Athletics	1,760.50
Other	10,357.37
Total Operating Revenues	<u>8,494,548.79</u>

OPERATING EXPENSES

Instruction	6,441,686.04
Academic Support	3,473,638.48
Student Services	2,206,143.83
Institutional Support	1,554,466.61
Operation and Maintenance	1,599,613.36
Scholarships and Financial Aid	949,902.89
Depreciation	651,420.66
Auxiliary Enterprises:	
Bookstore	792,217.89
Food Services	2,576.85
Vending	21,240.26
Athletics	297,862.03
Total Operating Expenses	<u>17,990,768.90</u>
Operating Income (Loss)	<u>\$ (9,496,220.11)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NONOPERATING REVENUES (EXPENSES)

State Appropriations	\$ 10,016,263.28
Local Appropriations	185,000.00
Gifts	1,500.00
Investment Income	239,488.92
Interest on Capital Asset Related Debt	(386,286.67)
Other Nonoperating Revenues (Expenses)	(33,689.27)
Net Nonoperating Revenues	<u>10,022,276.26</u>
Income Before Other Revenues, Expenses, Gains or Losses	<u>526,056.15</u>
Insurance Revenue (See Note 12)	<u>1,000,000.00</u>
Lawsuit Settlement (See Note 12)	<u>(1,000,000.00)</u>
Changes in Net Assets	<u>526,056.15</u>
Total Net Assets - Beginning of Year, as Restated (See Note 11)	<u>9,199,865.19</u>
Total Net Assets - End of Year	<u><u>\$ 9,725,921.34</u></u>

Capital Appropriations	50,504.40
Purchases of Capital Assets	(1,488,469.99)
Principal Paid on Capital Debt	(1,009,616.13)
Interest Paid on Capital Debt	(386,286.67)
Deposits with Trustees	1,042,529.86
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,791,338.53)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on Investments	<u>198,533.73</u>
Net Cash Provided (Used) by Investing Activities	<u>198,533.73</u>
Net Increase (Decrease) in Cash	(810,734.56)
Cash - Beginning of Year	3,407,152.68
Cash - End of Year	<u>\$ 2,596,418.12</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Alabama Southern Community College
Monroeville, Alabama

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Exhibit #3

**Reconciliation of Net Operating Revenues (Expenses) to Net
Cash Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ (9,496,220.11)
-------------------------	-------------------

**Adjustments to Reconcile Net Operating Income (Loss)
to Net Cash Provided (Used) by Operating Activities:**

Depreciation Expense	651,420.66
Changes in Assets and Liabilities:	
(Increase)/Decrease in Receivables	(462,187.29)
(Increase)/Decrease in Inventories	(185,372.85)
Increase/(Decrease) in Accounts Payable	89,585.73
Increase/(Decrease) in Deferred Revenue	19,474.30
Increase/(Decrease) in Compensated Absences	(58,913.04)
Net Cash Provided (Used) by Operating Activities	<u>\$ (9,442,212.60)</u>

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 1 – Summary of Significant Accounting Policies

The financial statements of Alabama Southern Community College are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the College are described below.

A. Reporting Entity

For financial reporting purposes, Alabama Southern Community College is part of the primary government of the State of Alabama. The State of Alabama, through the State Board of Education, governs the Department of Postsecondary Education. The Department of Postsecondary Education, through its Chancellor, has the authority and responsibility for the operation, management, supervision and regulation of Alabama Southern Community College.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Alabama Southern Community College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College follows all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs).

It is the policy of the College to first apply restricted resources when an expense is incurred and then apply unrestricted resources when both restricted and unrestricted net asset are available.

The Statement of Revenues, Expenses, and Changes in Net Assets distinguishes between operating and nonoperating revenues. Operating revenues, such as tuition and fees, result from exchange transactions associated with the principal activities of the College. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Nonoperating revenues arise from exchange transactions not associated with the College's principal activities, such as investment income and from all nonexchange transactions, such as state appropriations.

Notes to the Financial Statements

For the Year Ended September 30, 2007

C. Assets, Liabilities, and Net Assets

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the College to invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof or of the United States of America that meet specified criteria.

Investments are reported at fair value based on quoted market prices.

2. Receivables

Accounts receivable relate to amounts due from federal grants, state appropriations, third party tuition, and auxiliary enterprise sales from the bookstore. The receivables are shown net of allowance for doubtful accounts.

3. Inventories

The inventories are comprised of (1) consumable supplies (2) items held for resale, and (3) any other significant inventories. Inventories are valued cost. All inventories are valued using the first in/first out (FIFO) method.

4. Capital Assets

Capital assets with a unit cost of over \$5,000 and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at fair market value at the date of donation. Land and Construction in Progress (include any asset category that is not being depreciated) are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Notes to the Financial Statements

For the Year Ended September 30, 2007

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon the sale or retirement of fixed assets being depreciated using the straight-line method, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operation.

The method of depreciation and useful lives of the capital assets are as follows:

Assets	Depreciation Method	Useful Lives
Buildings and Improvements	Straight-Line	50 years
Improvements Other Than Buildings	Composite	25 years
Equipment	Composite	5 – 10 years
Library Materials	Composite	20 years
Art Collections	Composite	20 years

5. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

6. Compensated Absences

No liability is recorded for sick leave. Substantially all employees of the College earn 12 days of sick leave each year with unlimited accumulation. Payment is not made to employees for unpaid sick leave at termination or retirement.

All non-instructional employees earn annual leave at a rate which varies from 12 to 24 days per year depending on duration of employment, with accumulation limited to 60 days. Instructional employees do not earn annual leave. Payment is made to employees for unused leave at termination or retirement.

7. Deferred Tuition and Fee Revenue

Tuition and fee revenues received but related to the period after September 30, 2007, have been deferred.

Notes to the Financial Statements

For the Year Ended September 30, 2007

8. Net Assets

Net assets are required to be classified for accounting and reporting purposes into the following net asset categories:

- ♦ Invested in Capital Assets, Net of Related Debt – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.
- ♦ Restricted:
 - ✓ Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the College's permanent endowment funds.
 - ✓ Expendable – Net assets whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. These include funds held in the College's federal endowment challenge grant program.
- ♦ Unrestricted – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management.

9. Federal Financial Assistance Programs

The College participates in various federal programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U. S. Office of Management and Budget Revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Office of Management and Budget (OMB) Compliance Supplement.

10. Scholarship Allowances and Student Aid

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student and/or third parties making payments on behalf of the student. The College uses the case-by-case method to determine the amount of scholarship allowances and discounts.

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 2 – Deposits and Investments

A. Deposits

The College's deposits at year-end were held by financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

The Statement of Net Assets classification "cash and cash equivalents" includes all readily available cash such as petty cash, demand deposits, and certificates of deposits with maturities of three months or less.

Non-negotiable certificates of deposits in the amount of \$10,000 are classified as short-term investments and \$906,371.80 as either long-term or endowment investments for Statement of Net Assets presentation purposes, but are considered deposits for this disclosure, and are not subject to risk categorization.

Notes to the Financial Statements

For the Year Ended September 30, 2007

B. Investments

The College may invest its funds in securities and investments authorized by the *Code of Alabama 1975*, Section 16-13-2, Sections 27-1-8 and 27-1-9, and Sections 27-41-1 through 27-41-41. These laws provide that the College may invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof of the United States of America that meet specified criteria. The College's investment policy permits investments in the following: 1) U. S. Treasury bills, notes, bonds, and stripped Treasuries 2) U. S. Agency notes, bonds, debentures, discount notes and certificates, 3) certificates of deposit (CDs), checking and money market accounts of savings and loan associations, mutual savings banks, or commercial banks whose accounts are insured by FDIC/FSLIC, and who are designated a Qualified Public Depository (QPD) under the SAFE Program; 4) mortgage backed securities (MBSs), 5) mortgage-related securities including collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMIC) securities, 6) repurchase agreements, and 7) stocks and bonds which have been donated to the institution.

As of September 30, 2007, the College had the following investments and maturities:

Investment Type	Fair Value	Years to Maturity			
		Less Than 1	1 – 5	6 – 10	No Maturity
Money Market	\$595,102.34	\$595,102.34	\$	\$	\$
U. S. Agencies					
Total	<u>\$595,102.34</u>	<u>\$595,102.34</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The above amount was administered by the College's bond trustee. The entire balance on deposit with the trustee was invested in Dreyfus Treasury Prime Cash Management-Institutional Shares Fund. The fund invests only in U. S. Treasury obligations. The fund is not rated.

Interest Rate Risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the College's investment policy limits its investment maturities to approximately 43 days.

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 3 – Receivables

Receivables are reported net of uncollectible amounts and are summarized as follows:

<u>Accounts Receivable</u>	
Federal	\$ 746,639.64
State	366,417.63
Local	235,000.00
Tuition and Fees	158,838.53
Auxiliary Enterprises	49,513.43
Less: Allowance for Doubtful Accounts	(2,508.00)
Total Accounts Receivable, Net	<u>\$1,553,901.23</u>

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Deductions	Adjustment/ Reclassify	Ending Balance
Land	\$ 291,223.11	\$	\$	\$ 3,192.72	\$ 294,415.83
Improvements Other Than Buildings	3,153,371.10	406,509.98			3,559,881.08
Buildings	11,465,903.51	639,659.20		460,676.73	12,566,239.44
Equipment Greater than \$25,000	667,799.01	178,768.85			846,567.86
Equipment Less than \$25,000	1,598,199.54	136,925.92	10,145.00	10,059.20	1,735,039.66
Construction in Progress	484,679.05	76,028.94		(460,676.73)	100,031.26
Art Collections	73,562.75				73,562.75
Library Materials	522,127.20	50,577.10			572,704.30
Total	<u>18,256,865.27</u>	<u>1,488,469.99</u>	<u>10,145.00</u>	<u>13,251.92</u>	<u>19,748,442.18</u>
Less: Accumulated Depreciation					
Improvements Other Than Buildings	714,303.12	133,340.98			847,644.10
Buildings	4,313,104.99	320,544.26			4,633,649.25
Equipment Greater than \$25,000	380,806.12	73,901.84			454,707.96
Equipment Less than \$25,000	1,426,996.67	91,320.22	10,145.00	12,071.02	1,520,242.91
Art Collections	16,587.56	3,678.14			20,265.70
Library Materials	313,887.95	28,635.22			342,523.17
Total Accumulated Depreciation	<u>7,165,686.41</u>	<u>651,420.66</u>	<u>10,145.00</u>	<u>12,071.02</u>	<u>7,819,033.09</u>
Total Capital Assets, Net	<u>\$11,091,178.86</u>	<u>\$ 837,049.33</u>	<u>\$</u>	<u>\$ 1,180.90</u>	<u>\$11,929,409.09</u>

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 5 – Defined Benefit Pension Plan

A. Plan Description

The College contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Substantially all employees of the College are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees of Alabama Southern Community College. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

The Teachers' Retirement System was established as of October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently 14 members). Benefit provisions are established by the *Code of Alabama 1975*, Sections 16-25-1 through 16-25-113, as amended, and Sections 36-27B-1 through 36-27B-6, as amended.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

Notes to the Financial Statements

For the Year Ended September 30, 2007

B. Funding Policy

Employees, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Teachers' Retirement System. As of January 1, 2001, full-time law enforcement officers (as defined by Act Number 2000-669, Acts of Alabama, page 1335) are required by statute to contribute 6 percent of their salary to the Teachers' Retirement System. Alabama Southern Community College is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill. The percentages of the contributions and the amount of contributions made by Alabama Southern Community College and its employees equal the required contributions for each year as follows:

Fiscal Year Ended September 30,	2007	2006	2005
Total Percentage of Covered Payroll	14.36%	13.17%	12.03%
Contributions:			
Percentage Contributed by the College	9.36%	8.17%	7.03%
Percentage Contributed by the Employees	5.00%	5.00%	5.00%
Contributed by College	\$ 656,861.37	\$484,341.09	\$408,877.65
Contributed by Employees	357,079.92	296,414.38	290,809.14
Total Contributions	\$1,013,941.29	\$780,755.47	\$699,686.79

Note 6 – Other Postemployment Benefits (OPEB)

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 under the provisions of Act Number 455 to provide a uniform plan of health insurance for current and retired employees of state educational institutions. The plan is administered by the Public Education Employees' Health Insurance Board (PEEHIB). The employer's share of premiums for retired College employees' health insurance is included as part of the premium for active employees and is funded on a pay-as-you go basis. Retirees who are eligible for Medicare benefits must pay \$1.14 per month for coverage while those who are not eligible must pay \$78 per month for the coverage. The estimated portion of health insurance premiums paid by the College for retired employees was approximately \$376,481.96 for fiscal year 2007. The College has no responsibility for the payment of health care benefits, beyond the payment of the premium, for retired employees.

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 7 – Construction and Other Significant Commitments

As of September 30, 2007, Alabama Southern Community College had been awarded approximately \$3,187,000.00 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

Note 8 – Long-Term Liabilities

Long-term liabilities activity for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bond Payable:					
Revenue Bonds	\$2,895,000.00	\$	\$ 110,000.00	\$2,785,000.00	\$ 110,000.00
Total Bond Payable	2,895,000.00		110,000.00	2,785,000.00	110,000.00
Note Payable:					
Life Tech Building and Land	4,990,354.96		899,616.13	4,090,738.83	955,102.49
Total Note Payable	4,990,354.96		899,616.13	4,090,738.83	955,102.49
Other Liabilities:					
Compensated Absences	300,317.84	19,474.30		319,792.14	19,474.30
Total Other Liabilities	300,317.84	19,474.30		319,792.14	19,474.30
Total Long-Term Liabilities	\$8,185,672.80	\$19,474.30	\$1,009,616.13	\$7,195,530.97	\$1,084,576.79

Bond Payable:	
Revenue Bonds, Series 2005, 2.50 – 4.4% Interest, Due Semi-Annually Through 2025	\$2,785,000.00

The Revenue Bond Series 2005 was issued on April 1, 2005, to provide funds for the purpose of financing the acquisition, construction, and equipping of field houses for the athletics and instructional programs and the re-roofing and renovation of the gymnasium and auditorium located on the College's campus in Monroe County, Alabama, and paying the expenses of issuing the Bonds.

Notes to the Financial Statements
For the Year Ended September 30, 2007

Revenues from student tuition and fees sufficient to pay the annual debt service are pledged to secure the bonds. Principal and interest maturity requirements of bond debt is as follows:

Fiscal Year	Revenue Bonds Series 2005		Total
	Principal	Interest	
2007-2008	\$ 110,000.00	\$ 108,147.50	\$ 218,147.50
2008-2009	115,000.00	104,772.50	219,772.50
2009-2010	120,000.00	101,097.50	221,097.50
2010-2011	125,000.00	96,960.00	221,960.00
2011-2012	125,000.00	92,585.00	217,585.00
2012-2013	130,000.00	87,992.50	217,992.50
2013-2014	135,000.00	83,056.25	218,056.25
2014-2015	140,000.00	77,725.00	217,725.00
2015-2016	145,000.00	72,025.00	217,025.00
2016-2017	155,000.00	66,025.00	221,025.00
2017-2018	160,000.00	59,625.00	219,625.00
2018-2019	165,000.00	52,921.88	217,921.88
2019-2020	175,000.00	45,909.38	220,909.38
2020-2021	180,000.00	38,520.00	218,520.00
2021-2022	190,000.00	30,702.50	220,702.50
2022-2023	195,000.00	22,521.25	217,521.25
2023-2024	205,000.00	13,918.75	218,918.75
2024-2025	215,000.00	4,730.00	219,730.00
Totals	\$2,785,000.00	\$1,159,235.01	\$3,944,235.01

Bond Issuance Costs and Premiums

The College has bond issuance costs as well as bond premiums in connection with the issuance of its 2005 Series Tuition Revenue Bonds. The issuance costs and bond premium are being amortized using the straight-line method over the life of the bonds.

	Issuance Costs
Total Issuance Costs	\$133,957.52
Amount Amortized Prior Years	9,613.66
Balance Issuance Costs	124,343.86
Current Amount Amortized	6,697.88
Balance Issuance Costs	\$117,645.98

Notes to the Financial Statements
For the Year Ended September 30, 2007

<u>Note Payable</u>	
Life Tech Buildings and Land, 6.0% Interest, Due Monthly Through 2011	\$4,090,738.83

The Note Payable for Life Tech Buildings and Land was issued August 1, 2006, to acquire two buildings in Thomasville, Alabama, to be designated as training facilities for a L.I.F.E Tech program to provide male inmates with knowledge, treatment, and training needed to make a successful reentry into society and become law-abiding citizens.

Principal and interest maturity requirements of note payable debt is as follows:

Fiscal Year	Principal	Interest	Total
2007-2008	\$ 955,102.49	\$219,462.79	\$1,174,565.28
2008-2009	1,014,011.13	160,554.15	1,174,565.28
2009-2010	1,076,553.10	98,012.18	1,174,565.28
2010-2011	1,045,072.11	31,612.73	1,076,684.84
Totals	<u>\$4,090,738.83</u>	<u>\$509,641.85</u>	<u>\$4,600,380.68</u>

Note 9 – Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management which operates as a common risk management and insurance program for state owned properties. The College pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to \$2 million per occurrence and is self-insured up to a maximum of \$6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed \$6 million. The College purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the College has fidelity bonds on the College's president, vice president of business and administrative affairs, comptroller, financial systems manager as well as on all other university personnel who handle funds.

Notes to the Financial Statements

For the Year Ended September 30, 2007

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The College contributes a specified amount monthly to the PEEHIF for each employee and this amount is applied against the employee's premiums for the coverage selected and the employee pays any remaining premium.

Settled claims resulting from these risks have not exceeded the College's coverage in any of the past three fiscal years.

Claims which occur as a result of employee job-related injuries may be brought before the State of Alabama Board of Adjustment. The Board of Adjustment serves as an arbitrator and its decision is binding. If the Board of Adjustment determines that a claim is valid, it decides the proper amount of compensation (subject to statutory limitations) and the funds are paid by the College.

Note 10 – Endowments

Alabama Southern Community College is the recipient of an Endowment Challenge Grant. The endowment consists of funds from the federal government and private donations. Together the funds make up the corpus of the endowment. The College may not withdraw or spend all or part of the corpus during the duration of the grant, which is twenty years. At the end of the grant period the College may use the corpus for educational purposes. During the grant period the corpus is invested. Fifty percent of the investment income is put back into the corpus and the remaining portion the College can spend on general maintenance and operating cost, and cost associated with investing the corpus. At September 30, 2007, the corpus amount for the College was \$400,000 and the investment income for the one-year period then ended was \$42,470.96.

Note 11 – Net Asset Restatement

Prior period adjustments have been made as outlined below:

Beginning Net Assets September 30, 2006	\$9,198,684.29
To Record Value of Land Donated in Prior Year	3,192.72
Correction to Prior Year Equipment and Depreciation	(2,011.82)
Net Assets October 1, 2006, as Restated	<u>\$9,199,865.19</u>

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 12 – Settlement of Lawsuit

On February 22, 2007, an accident occurred on the campus of Alabama Southern Community College. As a result of this accident, a lawsuit was filed against the College. The College's insurance company negotiated a settlement with the plaintiffs for \$1,000,000.00. On May 19, 2008, the courts ordered payment of the settlement amount. The settlement amount was disbursed by the insurance company and is reflected on the Statement of Revenues, Expenses and Changes in Net Assets. The College's insurance has a deductible; however, this deductible will be reduced by the legal fees associated with the case. The legal fees associated with this case since September 30, 2007, and the deductible are not material and are not reflected in the financial statements.

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>Student Financial Assistance Cluster</u>		
<u>U. S. Department of Education</u>		
<u>Direct Programs</u>		
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Work-Study Program	84.033	
Federal Work-Study Program	84.033	
Federal Pell Grant Program	84.063	
Federal Pell Grant Program	84.063	
Federal Pell Grant Program	84.063	
Federal Pell Grant Administrative Allowance	84.063	
Federal Pell Grant Administrative Allowance	84.063	
Academic Competitiveness Grants	84.375	
Academic Competitiveness Grants	84.375	
Total Student Financial Assistance Cluster (M)		
<u>TRIO Cluster</u>		
<u>U. S. Department of Education</u>		
<u>Direct Programs</u>		
TRIO - Student Support Services	84.042	
TRIO - Student Support Services	84.042	
TRIO - Talent Search	84.044	
TRIO - Talent Search	84.044	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
TRIO - Upward Bound	84.047	
Total TRIO Cluster		
<u>WIA Cluster</u>		
<u>U. S. Department of Labor</u>		
<u>Passed Through Alabama Department of</u>		
<u>Economic and Community Affairs</u>		
WIA Youth Activities	17.259	64230009

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
07/01/2006-06/30/2007	\$ 53,047.00	\$ 53,047.00	\$ 37,632.09	\$ 37,632.09
07/01/2005-06/30/2006	60,150.00	60,150.00	6,015.00	6,015.00
07/01/2007-06/30/2008	49,724.00	49,724.00	4,244.86	4,244.86
07/01/2006-06/30/2007	53,047.00	53,047.00	46,915.57	46,915.57
07/01/2007-06/30/2008	999,567.00	999,567.00	840,509.29	840,509.29
07/01/2006-06/30/2007	2,000,144.15	2,000,144.15	1,054,462.35	1,054,462.35
07/01/2005-06/30/2006	2,163,080.70	2,163,080.70	(7,425.81)	(7,425.81)
07/01/2006-06/30/2007	4,075.00	4,075.00	4,075.00	4,075.00
07/01/2005-06/30/2006	10.00	10.00	10.00	10.00
07/01/2007-06/30/2008	12,600.00	12,600.00	11,366.14	11,366.14
07/01/2006-06/30/2007	11,500.00	11,500.00	7,100.00	7,100.00
			2,004,904.49	2,004,904.49
09/01/2007-08/31/2008	306,645.00	306,645.00	22,900.20	22,900.20
09/01/2006-08/31/2007	306,645.00	306,645.00	280,326.57	280,326.57
09/01/2007-08/31/2008	629,380.00	629,380.00	42,346.54	42,346.54
09/01/2006-08/31/2007	611,049.00	611,049.00	509,549.95	509,549.95
09/01/2007-08/31/2008	337,507.00	337,507.00	23,090.98	23,090.98
09/01/2006-08/31/2007	377,677.00	377,677.00	331,724.06	331,724.06
09/01/2007-08/31/2008	347,833.00	347,833.00	9,053.85	9,053.85
09/01/2006-08/31/2007	387,702.00	387,702.00	378,850.85	378,850.85
09/01/2005-08/31/2006	387,702.00	387,702.00	142.25	142.25
09/01/2004-08/31/2005	387,702.00	387,702.00	383.58	383.58
09/01/2003-08/31/2004	387,702.00	387,702.00	24,359.01	24,359.01
09/01/2007-08/31/2008	337,507.00	337,507.00	24,467.44	24,467.44
09/01/2006-08/31/2007	377,677.00	377,677.00	330,529.82	330,529.82
09/01/2005-08/31/2006	377,677.00	377,677.00	3,871.80	3,871.80
			1,981,596.90	1,981,596.90

08/01/2006-08/30/2007	\$	133,833.00	\$	133,833.00	\$	81,537.93	\$	81,537.93
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Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>OTHER FEDERAL AWARDS</u>		
<u>U. S. Department of Labor</u>		
<u>Passed Through Alabama Department of Economic and Community Affairs</u>		
WIA Pilots, Demonstrations, and Research Projects	17.261	5S290004
<u>U. S. Department of Education</u>		
<u>Direct Programs</u>		
Higher Education - Institutional Aid	84.031	
Hurricane Education Recovery	84.938	
<u>Passed Through Alabama Department of Postsecondary Education</u>		
Adult Education - State Grant Program	84.002	N.A.
Adult Education - State Grant Program	84.002	N.A.
Adult Education - State Grant Program	84.002	N.A.
Total Adult Education - State Grant Program		
<u>Passed Through Alabama Department of Education</u>		
Vocational Education - Basic Grants to States	84.048	N.A.
Tech-Prep Education	84.243	N.A.
<u>U. S. Department of Health and Human Services</u>		
<u>Passed Through Alabama Department of Postsecondary Education</u>		
Temporary Assistance for Needy Families	93.558	N.A.
<u>National Science Foundation</u>		
<u>Direct Programs</u>		
Education and Human Resources	47.076	
Education and Human Resources	47.076	
Education and Human Resources	47.076	
Total Education and Human Resources		
Total Federal Awards		

(M) = Major Program
N.A. = Not Available

The accompanying Notes to the Schedule of Expenditures of Federal Awards is an integral part of this schedule.

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
08/01/2006-01/31/2009	\$ 808,999.77	\$ 808,999.77	\$ 130,764.22	\$ 130,764.22
05/01/1992-04/30/2012	400,000.00	400,000.00	200,000.00	200,000.00
10/01/2006-09/30/2007	9,901.00	9,901.00	9,430.00	9,430.00
07/01/2007-06/30/2008	892,815.00	179,515.49	179,515.49	179,515.49
07/01/2006-06/30/2007	834,403.00	118,258.35	118,258.35	118,258.35
07/01/2006-06/30/2007	18,265.41	18,265.41	18,265.41	18,265.41
			316,039.25	316,039.25
10/01/2006-09/30/2007	90,171.65	90,171.65	89,822.11	89,822.11
10/01/2006-09/30/2007	50,045.00	50,045.00	51,048.80	51,048.80
10/01/2006-09/30/2007	23,000.00	23,000.00	23,000.00	23,000.00
07/01/2007-06/30/2008	1,191,045.00	1,191,045.00	94,322.65	94,322.65
07/01/2006-06/30/2007	1,382,385.00	1,382,385.00	899,520.56	899,520.56
07/01/2005-06/30/2006	\$ 1,307,697.00	\$ 1,307,697.00	12,889.70	12,889.70
			1,006,732.91	1,006,732.91
			\$ 5,894,876.61	\$ 5,894,876.61

***Notes to the Schedule of Expenditures
of Federal Awards
For the Year Ended September 30, 2007***

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Alabama Southern Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 – Subrecipients

Of the federal expenditures presented in the schedule, Alabama Southern Community College provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Education and Human Resources	47.076	\$637,062.29

Note 3 – Other

Alabama Southern Community College is the recipient of an Endowment Challenge Grant, which is accounted for in the Endowment Fund and shown on the Schedule of Expenditures of Federal Awards; however the interest earned on the portion of the grant could not be ascertained due to the commingling of matching funds.

College Officials
October 1, 2006 through September 30, 2007

Officials

Dr. John A. Johnson	President	P. O. Box 2000 Monroeville, AL 36461
Roger Chandler	Vice-President of Finance and Administrative Services/Provost – Monroeville Campus	P. O. Box 2000 Monroeville, AL 36461
Lee Taylor	Vice-President of Learning/Academic Affairs	P. O. Box 2000 Monroeville, AL 36461
Ann Clanton	Dean of Student Development	P. O. Box 2000 Monroeville, AL 36461
Angela Roberts	Dean of Library Services	P. O. Box 2000 Monroeville, AL 36461
Angelis Smith	Dean of Academic Support Services/Director of Adult Education	P. O. Box 2000 Monroeville, AL 36461
Sharon Fountain	Director of Accounting	P. O. Box 2000 Monroeville, AL 36461
Amy Rowell	Director of Financial Aid	P. O. Box 2000 Monroeville, AL 36461

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

We have audited the financial statements of Alabama Southern Community College as of and for the year ended September 30, 2007, and have issued our report thereon dated May 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Alabama Southern Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Alabama Southern Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alabama Southern Community College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

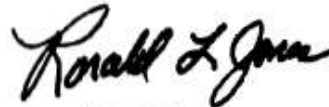
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alabama Southern Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, other state officials, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

May 9, 2008

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Alabama Southern Community College with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. Alabama Southern Community College's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Alabama Southern Community College's management. Our responsibility is to express an opinion on Alabama Southern Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alabama Southern Community College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Alabama Southern Community College's compliance with those requirements.

In our opinion, Alabama Southern Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of Alabama Southern Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Alabama Southern Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alabama Southern Community College's internal control over compliance.

***Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133***

A control deficiency in a entity's internal control over compliance exists when the design and operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

May 9, 2008

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2007

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None reported

Type of opinion issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007	<u>Student Financial Assistance Cluster</u>
84.033	Federal Supplemental Educational Opportunity Grants
84.063	Federal Work-Study Program
84.375	Federal Pell Grant Program
	Academic Competitiveness Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee? X Yes No

Alabama Southern Community College
Monroeville, Alabama

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Exhibit #8

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2007

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		The audit did not disclose any findings or questioned costs required to be reported.	

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
			The audit did not disclose any findings or questioned costs required to be reported.	

Report on the

Reid State Technical College

Evergreen, Alabama

October 1, 2006 through September 30, 2007

Filed: June 20, 2008



Department of
Examiners of Public Accounts
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Montgomery, Alabama 36130-2251
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Ronald L. Jones, Chief Examiner

08-430

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Ronald L. Jones
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
50 North Ripley Street, Room 3201
Montgomery, Alabama 36104-3833
Telephone (334) 242-9200
FAX (334) 242-1775

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-14, we submit this report on Reid State Technical College for the period October 1, 2006 through September 30, 2007.

SCOPE AND OBJECTIVES

This report encompasses an audit of the financial statements of Reid State Technical College (the "College") and a review of compliance by the College with applicable laws and regulations of the State of Alabama and federal financial assistance programs. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America for financial audits. The objectives of the audit were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the College has complied with applicable laws and regulations.

CONTENTS OF REPORT

This report includes the following segments:

1. **Report to the Chief Examiner** – contains items pertaining to state legal compliance, agency operations and other matters.
2. **Independent Auditor's Report** – reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations.
3. **Management's Discussion and Analysis (MD&A)** – a component of Required Supplementary Information (RSI) prepared by the management of the College introducing the basic financial statements and providing an analytical overview of the College's financial activities for the year. This information is supplementary information required by the Governmental Accounting Standards Board (GASB). This information has not been audited, and as a result, no opinion is provided about the fairness of the information in accordance with generally accepted accounting principles.

4. *Financial Section* – includes basic financial statements (Exhibits 1 through 3) and Notes to the Financial Statements.
5. *Supplementary Information* – includes the Schedule of Expenditures of Federal Awards (Exhibit 4), which details federal awards expended during the audit period, and Notes to the Schedule of Expenditures of Federal Awards.
6. *Additional Information* – contains basic information related to the College (Exhibit 5) and the following reports and item required by generally accepted government auditing standards and/or U. S. Office of Management and Budget (OMB) Circular A-133 for federal compliance audits:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (Exhibit 6) – a report on internal control related to the financial statements and on whether the College has complied with laws and regulations which could have a direct and material effect on the College's financial statements.

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 (Exhibit 7) – a report on internal control over compliance with requirements of laws, regulations, contracts and grants applicable to major federal programs and an opinion on whether the College complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.

Schedule of Findings and Questioned Costs (Exhibit 8) – a report summarizing the results of the audit findings relating to the financial statements as required by *Government Auditing Standards* and findings and questioned costs for federal awards as required by OMB Circular A-133.

AUDIT COMMENTS

Reid State Technical College is a comprehensive, public, two-year, technical college located in Evergreen, Alabama. The College operates under the direction of the Alabama State Board of Education and is accredited by the Council on Occupational Education. The purpose of the College is to provide postsecondary occupational education on a nondiscriminatory basis for individuals who desire to prepare for entry-level employment, advancement, or retraining in a career field.

Sworn to and subscribed before me this
the 12th day of June, 2008.

Sandra E Shirley
Notary Public

Sworn to and subscribed before me this
the 12th day of June, 2008.

Sandra E Shirley
Notary Public

Sworn to and subscribed before me this
the 12th day of June, 2008.

Sandra E Shirley
Notary Public

rb

Respectfully submitted,

George P. Guy

George P. Guy
Examiner of Public Accounts

Carla Sharpe

Carla Sharpe
Examiner of Public Accounts

Adrienne Cox

Adrienne Cox
Examiner of Public Accounts

Independent Auditor's Report

We have audited the accompanying basic financial statements of Reid State Technical College, as of and for the year ended September 30, 2007, as listed in the table of contents as Exhibits 1 through 3. These basic financial statements are the responsibility of Reid State Technical College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

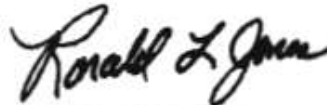
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Reid State Technical College, as of September 30, 2007, and its changes in financial position, including cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2008, on our consideration of Reid State Technical College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Reid State Technical College, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 4) is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

May 16, 2008

Management's Discussion and Analysis
(Required Supplementary Information)

REID STATE TECHNICAL COLLEGE

Management's Discussion and Analysis

Reid State Technical College is a rural, public, comprehensive technical college dedicated to meeting the changing needs of citizens in the six counties of the south central Alabama service area. By offering a broad spectrum of programs, the College provides students with opportunities for career, educational, personal and professional advancement. Technical and academic courses prepare students for the level of training employers need and demand or for continuation of their education. The main focus of Reid State in the current economic marketplace is to respond to the increasing demand for a well-trained workforce. It is recognized that the impact of ThyssenKrupp Steel, the aerospace industry, automotive industry, maritime industry, and health programs will drive the economy and need for quality employees for years to come.

Reid State is actively seeking accreditation with the Commission on Colleges. This accreditation will allow Reid State graduates unquestioned transferability of coursework toward a four-year degree. In addition, COC accreditation enhances program offerings.

The ILT Department has transferred to another building. The building includes a classroom and two computer labs. One lab is a hands-on classroom for the students to learn programmable logic controls simulation and robotics simulation. The open area of the building is used for hands-on training including AC/DC Fundamentals, Digital Techniques, Semiconductor Testing, Commercial Wiring, Programming of Programmable Logic Controllers, and the Programming of Robots in a simulated industrial environment. The ILT program at Reid State is currently serving approximately fifteen area high school students in addition to the regular enrolled full-time students.

The Health Careers division of Reid State has recently implemented a phlebotomy program. The one-semester program is offered twice a year with an enrollment limit of twelve students. Additional clinical sites are being sought to expand enrollment for the phlebotomy program.

Welding has added eight welding booths with ventilation systems. The Welding Program is currently serving approximately twenty-eight area high school students in dual enrollment in addition to the currently enrolled regular students.

A standardized nursing curriculum allows LPN students to transfer credits throughout the Alabama College System. Upon graduation from the LPN program and successful completion of the state board exam, graduates may advance their education toward a registered nurse's (RN) degree with automatic transfer of credit.

Computer Information Systems has implemented curriculum changes to allow students to prepare for exams and certification for: Microsoft Certified Systems Administrator (MCSA), CompTIA A+, CompTIA Security+, and CompTIA Network+. Reid State serves as a test site for graduates and community residents to sit for the Microsoft exams.

The Ready to Work training program has been funded for the 2007-08 school year. Greenville High School students will be tested for enrollment in this program. High School seniors that have not passed the exit exam will be allowed to enter this program. RTW prepares graduates to meet the demands of current and future Alabama employers. Students will be introduced to WorkKeys and prepared to become certified workers.

Reid State received a \$30,000 grant of special population funds to assist with tuition for dual enrollment of high school students. An allocation of \$200,000 was received to purchase new equipment in the welding and industrial electricity/electronics programs. Dual enrollment students are enrolled in welding, industrial electronics, computer information systems, building construction and collision repair technology. Additional tuition grants are expected to cover the increase in enrollment of dual enrollment students registering for spring and summer semesters. There is also an increased effort on enrolling non-high school graduates into adult education programs so that they may be better prepared to enter the workforce.

The Edith A. Gray Library and Technology Center continues to expand services and is in the process of implementing a management system. Bid proposals were opened September 13, 2007, with official awarding of the contract to SirsiDynix on December 11, 2007. Software training will begin as early as January 2008 which should enable the library to be fully operational within three months.

Reid State Technical College is proud to present its financial statements for fiscal year 2006-2007. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and, the Statement of Cash Flows.

This report of the College's financial statement provides an overview of the financial activities and emphasizes current year data.

Statement of Net Assets

The Statement of Net Assets presents the Assets, Liabilities, and Net Assets of the College as of the end of the fiscal year. The Statement of Net Assets is a 'point in time' financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of Reid State Technical College. The Statement of Net Assets presents end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current), and Net Assets (assets minus liabilities).

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions.

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets which are available to the institution for any appropriate purpose of the institution.

Statement of Net Asset (in thousands)

	<u>2007</u>	<u>2006</u>
<u>Assets:</u>		
Current Assets	\$3,513	\$2,961
Non-current Assets	114	122
Capital Assets, Net	4,346	4,427
Total Assets	<u>7,973</u>	<u>7,510</u>
<u>Liabilities:</u>		
Current Liabilities	562	504
Non-current Liabilities	2,970	3,108
Total Liabilities	<u>3,532</u>	<u>3,612</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Debt	1,572	1,522
Restricted – Expendable	254	253
Unrestricted	2,615	2,123
Total Net Assets	<u>\$4,441</u>	<u>\$3,898</u>

The total assets at Reid State Technical College reflect an increase from the previous year. This increase was due to significant increases in cash and cash equivalents and accounts receivable.

The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction and public service missions of the institution.

The only significant change in total liabilities was due to the reduction in long-term liabilities, whereas bond debt decreased over the year as annual debt principle payments were made. The combination of the increase in total assets and decrease in total liabilities yield an increase in total net assets for fiscal year 2007.

Statement of Revenues, Expenses and Changes in Net Assets

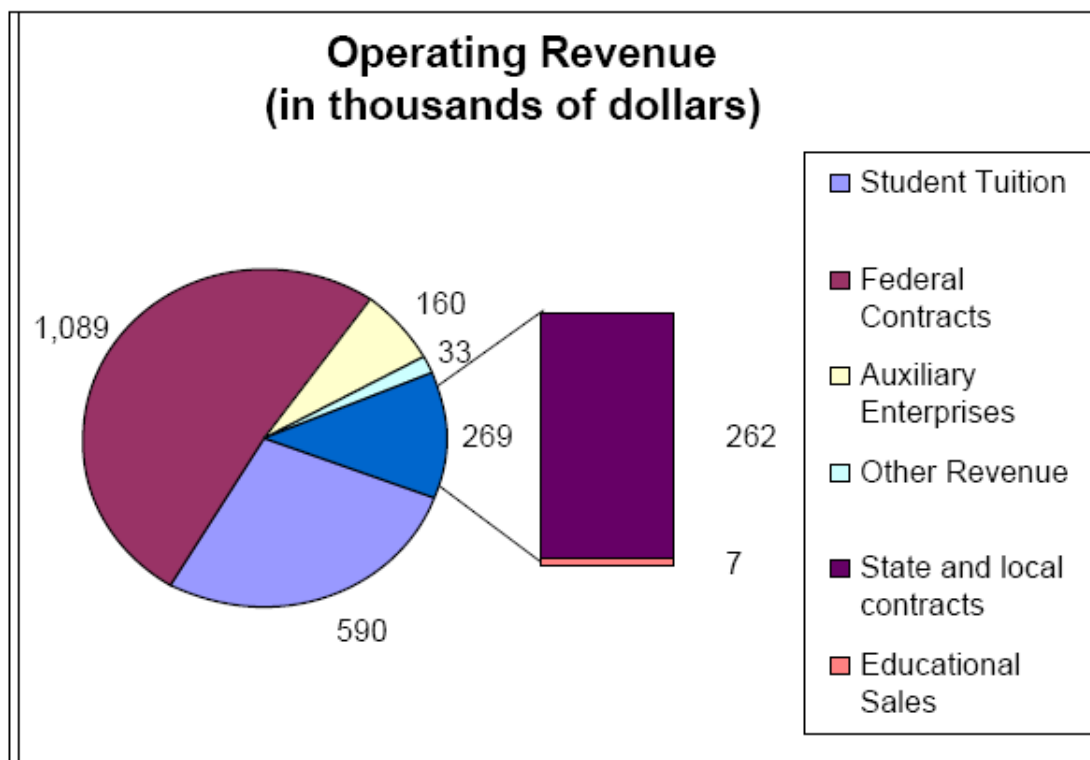
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

Statement of Revenues, Expenses and Changes in Net Assets (in thousands):

	<u>2007</u>	<u>2006</u>
Operating Revenues	\$2,141	\$2,129
Operating Expenses	7,015	7,161
Operating Loss	(4,874)	(5,032)
Non-operating Revenues and Expenses	5,417	4,985
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	543	(47)
Other Revenues, Expenses, Gains or Losses	0	18
Increase in Net Assets	543	(29)
Net Assets at Beginning of Year	3,898	3,938
Restatements		(11)
Net Assets at End of Year	<u>\$4,441</u>	<u>\$3,898</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflects an increase in the net assets at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Assets are as follows:



The previous chart displays, in thousands of dollars, the operating revenues by type and their relationship with one another. Federal contracts represent the largest type of operating revenue accounting for fifty-one percent of total operating revenues followed by student tuition and fees which represent twenty-seven percent. All other revenue types represent only twenty-two percent of the total operating revenue.

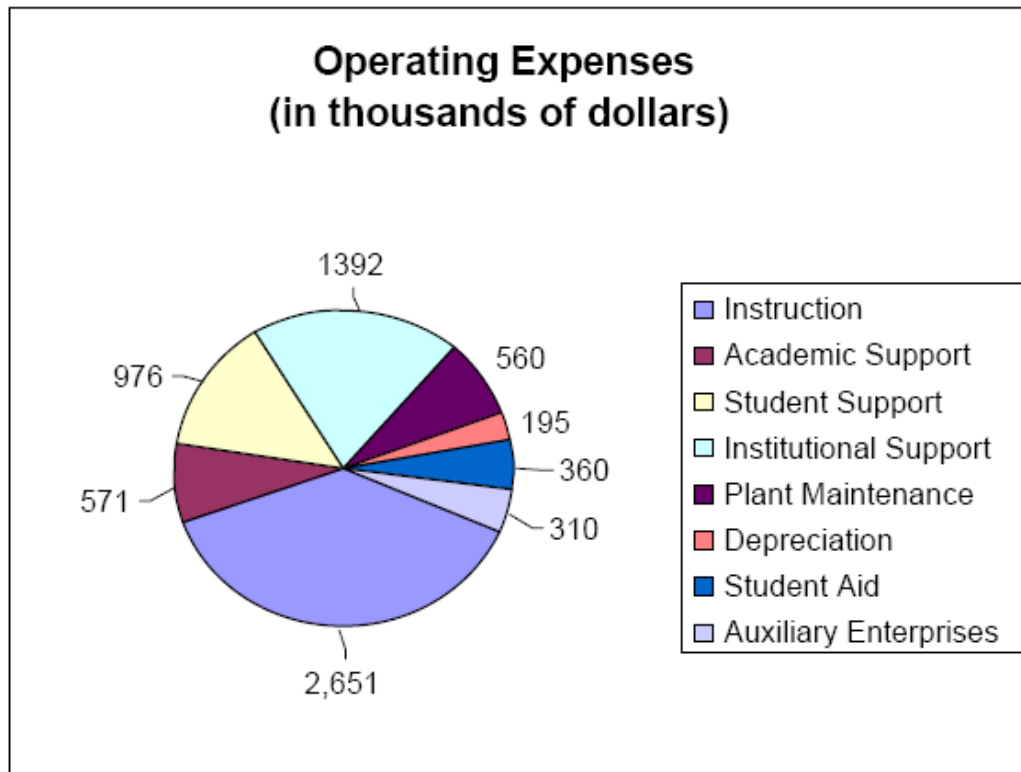
Pell, College Work-Study, Supplemental Educational Opportunity Grants and Human Resource Service Administration Grants comprise approximately \$967 thousand of the \$1,089 thousand in Federal Grants and contracts received. The remaining \$243 thousand was comprised of Adult Education, Basic Vocation Education, Tech Prep, and U. S. Treasury – V.A. administrative allowances.

The auxiliary services are self-supporting, with the exception of the GED and Student Activities programs. Although the GED program has not been self-supporting, it is a vital service to the community. Student Activities is supported through transfer from the general operating resources.

Fall 2007 tuition and fee rates were \$93 per credit hour which includes \$3 per credit hour for a special building fee. These rates are at the maximum amount allowed by Department of Postsecondary State Board Policy.

Non-operating revenues consisted of State Appropriations, State Appropriation Special (Special Population and Focused Industry Training), State Appropriation Other (truck driving allocation) and investment income. The non-operating revenues (in thousands) were \$5,042, \$67, \$352 and \$93 respectively.

The operating expenses by function stated (in thousands) are displayed in the following exhibit:

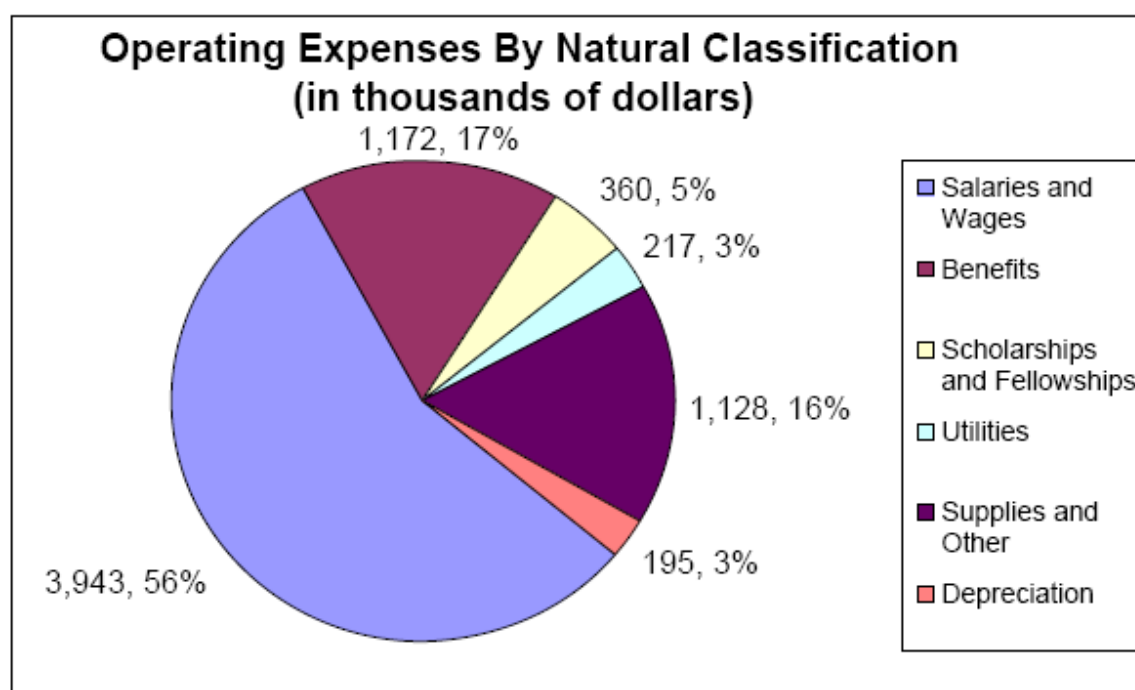


The above chart, displays in thousands of dollars, the operating expenses by function. Expenditures in the area of instruction represent the largest group of expenditures accounting for thirty-eight percent of total operating expenditures, followed by institutional support, student support and academic support, which accounted for twenty, fourteen and eight percent respectfully. Student aid, plant maintenance, auxiliary, and depreciation account for the balance at twenty percent of operating expenditures.

Non-operating expenses consist of interest on bond debt, bond surety fee and bond issuance expense as amortized for the current year.

Auxiliary expenditures account for approximately four percent of total operating expense. Auxiliary expenditures consist primarily of bookstore purchases for resale and support staff salaries and benefits.

Although the College's operating expenses are reported by functional classification, the operating expenses restated by their natural classification prove to be interesting. Operating expenses are summarized below by natural classification. Natural classification displays the type of expense regardless of program.



Over half of the College's \$7.015 million in operating expenses was expended for salaries and wages. When benefits are combined with salaries and wages, the total is seventy-three percent of the College's total operating expense. The second highest amount expended is the sixteen percent that the College pays to its vendors to acquire supplies, goods and services. Scholarships and fellowships of \$360 thousand represent five percent of the College's operating expense. Utilities and depreciation combined comprise only six percent of the operating expense.

Statement of Cash Flows

The final statement present is the Statement of Cash Flows which presents detailed information about the cash activity of the institution during the year. The statement is divided into five components. The first component deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second component reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third component reflects the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fourth component deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fifth and final component presented in the statement reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

Cash Flows for the Year Ended September 30 (in thousands):

	<u>2007</u>
Cash Provided (used) by:	
Operating Activities	\$(4,664)
Non-capital Financing Activities	5,177
Investing Activities	93
Capital and Related Financing Activities	<u>(371)</u>
Net Change in Cash	235
Cash, Beginning of Year	<u>623</u>
Cash, End of Year	<u><u>\$858</u></u>

The primary cash receipts from operating activities consist of grants and contracts and tuition and fees. Cash outlays include payments for employees, benefits, supplies, utilities and scholarships.

State appropriations are the primary source of non-capital financing. This source of revenue is categorized as non-capital even though the College's budget depends on this to continue the current level of operations.

Investing activities reflect interest earned on certificates of deposit throughout the fiscal year.

Economic Outlook

According to America's Career InfoNet (www.ACINET.org), health care is currently Alabama's hottest employment field. Some of the most in-demand careers include medical assistant, home health aide, medical records and health information technician, personal and home care aides. Information technology (IT) is a growing field in Alabama as the modern workplace becomes increasingly sophisticated and technology-dependent. Some of the most in-demand jobs are network systems and data communications analyst, database administrator, network and computer systems administrator, computer support specialist, and computer and information systems manager. Reid State Technical College offers career training in health care and computer related fields to meet the demand for these positions. The steel, maritime, aerospace, and automotive industries, along with allied health programs, will demand well-trained employees in Alabama for years to come.

The College is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

David J. Rhodes
Business Manager

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Statement of Net Assets
September 30, 2007

ASSETS

Current Assets

Cash	\$ 858,146.49
Deposit with Bond Trustee	254,106.37
Short-Term Investments	1,500,000.00
Accounts Receivable	793,759.88
Inventories	99,945.05
Bond Issuance Cost	7,724.72
Total Current Assets	<u>3,513,682.51</u>

Noncurrent Assets

Bond Issuance Cost	113,939.62
Capital Assets:	
Land	8,000.00
Improvements Other Than Buildings	255,459.66
Buildings	5,214,611.63
Equipment and Furniture	492,742.76
Library Holdings	161,498.86
Less: Accumulated Depreciation	<u>(1,786,382.26)</u>
Total Capital Assets, Net of Depreciation	<u>4,345,930.65</u>
Total Noncurrent Assets	<u>4,459,870.27</u>
Total Assets	<u>\$ 7,973,552.78</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

LIABILITIES**Current Liabilities**

Accounts Payable and Accrued Liabilities	\$ 135,317.72
Deferred Revenue	263,332.42
Bonds Payable	140,000.00
Compensated Absences	23,405.73
Total Current Liabilities	<u>562,055.87</u>

Noncurrent Liabilities

Deposits	4,360.05
Bonds Payable	2,755,000.00
Compensated Absences	210,651.53
Total Noncurrent Liabilities	<u>2,970,011.58</u>

Total Liabilities	<u>3,532,067.45</u>
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	1,572,594.99
Restricted for:	
Expendable:	
Debt Service	254,106.37
Unrestricted	<u>2,614,783.97</u>
Total Net Assets	<u>\$ 4,441,485.33</u>

Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2007

OPERATING REVENUES

Student Tuition and Fees (Net of Scholarship Allowances of \$833,387.80)	\$ 589,864.37
Federal Grants and Contracts	1,089,399.54
State and Local Grants and Contracts	262,104.84
Sales and Services of Educational Departments	6,855.84
Auxiliary Enterprises:	
Bookstore (Net of Scholarship Allowances of \$145,822.42)	155,798.08
Vending	3,038.00
Other	1,320.00
Other Operating Revenues	32,553.94
Total Operating Revenues	<u>2,140,934.61</u>

OPERATING EXPENSES

Instruction	2,650,858.82
Institutional Support	1,391,679.38
Academic Support	570,867.74
Student Services	976,094.27
Operation and Maintenance	559,783.09
Scholarships and Financial Aid	360,143.02
Depreciation	195,429.09
Auxiliary Enterprises:	
Bookstore	291,349.20
Other	18,942.47
Total Operating Expenses	<u>7,015,147.08</u>
Operating Income (Loss)	<u>(4,874,212.47)</u>

NONOPERATING REVENUES (EXPENSES)

State Appropriations	5,460,498.16
Investment Income	93,122.08
Interest Debt Payments	(113,651.67)
Bond Surety Fee Expense	(12,956.41)
Other Nonoperating Revenues (Expenses)	(9,724.72)
Net Nonoperating Revenues	<u>5,417,287.44</u>
Income Before Other Revenues, Expenses, Gains, or Losses	<u>543,074.97</u>
Changes in Net Assets	<u>543,074.97</u>
Total Net Assets - Beginning of Year	3,898,410.36
Total Net Assets - End of Year	<u>\$ 4,441,485.33</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows
For the Year Ended September 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 567,861.32
Grants and Contracts	1,363,485.60
Payments to Suppliers	(1,112,782.66)
Payments for Utilities	(216,895.49)
Payments for Employees	(3,949,791.32)
Payments for Benefits	(1,169,247.38)
Payments for Scholarships	(360,143.02)
Auxiliary Enterprises:	
Bookstore	150,610.60
Vending	3,038.00
Other	1,320.00
Sales and Services of Educational Activities	6,855.84
Other Receipts (Payments)	51,268.17
Net Cash Provided (Used) by Operating Activities	<u>(4,664,420.34)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	5,190,771.14
Bond Surety Fee Expense	(12,956.41)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>5,177,814.73</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	(113,996.40)
Principal Paid on Capital Debt	(140,000.00)
Interest Paid on Capital Debt	(115,885.00)
Deposit with Trustees	(1,140.37)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(371,021.77)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	93,122.08
Net Cash Provided (Used) by Investing Activities	<u>93,122.08</u>

Net Increase (Decrease) in Cash and Cash Equivalents	235,494.70
Cash and Cash Equivalents - Beginning of Year	622,651.79
Cash and Cash Equivalents - End of Year	<u>\$ 858,146.49</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Reconciliation of Net Operating Revenues (Expenses) to Net
Cash Provided (Used) by Operating Activities:**

Operating Income (Loss) \$ (4,874,212.47)

**Adjustments to Reconcile Net Operating Income (Loss)
to Net Cash Provided (Used) by Operating Activities:**

Depreciation Expense	195,429.09
Changes in Assets and Liabilities:	
(Increase)/Decrease in Receivables	(60,499.65)
(Increase)/Decrease in Inventories	14,953.20
(Increase)/Decrease in Other Assets	15,479.03
Increase/(Decrease) in Accounts Payable	(2,701.42)
Increase/(Decrease) in Deferred Revenue	45,290.34
Increase/(Decrease) in Deposits Held for Others	(515.93)
Increase/(Decrease) in Compensated Absences	2,357.47

Net Cash Provided (Used) by Operating Activities \$ (4,664,420.34)

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 1 – Summary of Significant Accounting Policies

The financial statements of Reid State Technical College are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the College are described below.

A. Reporting Entity

For financial reporting purposes, Reid State Technical College is part of the primary government of the State of Alabama. The State of Alabama, through the State Board of Education, governs the Department of Postsecondary Education. The Department of Postsecondary Education, through its Chancellor, has the authority and responsibility for the operation, management, supervision and regulation of Reid State Technical College.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Reid State Technical College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College follows all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs).

It is the policy of the College to first apply restricted resources when an expense is incurred and then apply unrestricted resources when both restricted and unrestricted net assets are available.

The Statement of Revenues, Expenses, and Changes in Net Assets distinguishes between operating and nonoperating revenues. Operating revenues, such as tuition and fees, result from exchange transactions associated with the principal activities of the College. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Nonoperating revenues arise from exchange transactions not associated with the College's principal activities, such as investment income and from all nonexchange transactions, such as state appropriations.

Notes to the Financial Statements

For the Year Ended September 30, 2007

C. Assets, Liabilities, and Net Assets

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the College to invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof or of the United States of America that meet specified criteria.

Investments are reported at fair value based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost.

2. Receivables

Accounts receivable relate to amounts due from federal grants, state appropriations, third-party tuition, and auxiliary enterprise sales from the bookstore.

3. Inventories

The inventories are comprised of (1) consumable supplies (2) items held for resale, and (3) any other significant inventories. Inventories are valued at cost. All inventories are valued using the first in/first out (FIFO) method.

4. Capital Assets

Capital assets with a unit cost of over \$5,000 and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of donation. Land and Construction in Progress are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Notes to the Financial Statements

For the Year Ended September 30, 2007

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon the sale or retirement of fixed assets being depreciated using the straight-line method, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operation.

The method of depreciation and useful lives of the capital assets are as follows:

Assets	Depreciation Method	Useful Lives
Buildings	Straight-Line	50 years
Improvements Other Than Buildings	Composite	25 years
Equipment	Composite	5 – 10 years
Library Materials	Composite	20 years

5. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

6. Compensated Absences

No liability is recorded for sick leave. Substantially all employees of the College earn 12 days of sick leave each year with unlimited accumulation. Payment is not made to employees for unpaid sick leave at termination or retirement.

All non-instructional employees earn annual leave at a rate which varies from 12 to 24 days per year depending on duration of employment, with accumulation limited to 60 days. Instructional employees do not earn annual leave. Payment is made to employees for unused leave at termination or retirement.

7. Deferred Tuition and Fee Revenue

Tuition and fee revenues received but related to the period after September 30, 2007, have been deferred.

Notes to the Financial Statements

For the Year Ended September 30, 2007

8. Net Assets

Net assets are required to be classified for accounting and reporting purposes into the following net asset categories:

- ◆ Invested in Capital Assets, Net of Related Debt – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.
- ◆ Restricted:
 - ✓ Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the College.
 - ✓ Expendable – Net assets whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.
- ◆ Unrestricted – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management.

9. Federal Financial Assistance Programs

The College participates in various federal programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U. S. Office of Management and Budget Revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Office of Management and Budget (OMB) Compliance Supplement.

10. Scholarship Allowances and Student Aid

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student and/or third parties making payments on behalf of the student. The College uses the case-by-case method to determine the amount of scholarship allowances and discounts.

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 2 – Deposits and Investments

A. Deposits

The College's deposits at year-end were held by financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

The Statement of Net Assets classification "cash" includes all readily available cash such as petty cash and demand deposits.

B. Investments

The College may invest its funds in securities and investments authorized by the *Code of Alabama 1975*, Section 16-13-2, Sections 27-1-8 and 27-1-9, and Sections 27-41-1 through 27-41-41. These laws provide that the College may invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof of the United States of America that meet specified criteria. The College's investment policy permits investments in the following: 1) U. S. Treasury bills, notes, bonds, and stripped Treasuries 2) U. S. Agency notes, bonds, debentures, discount notes and certificates, 3) certificates of deposit (CDs), checking and money market accounts of savings and loan associations, mutual savings banks, or commercial banks whose accounts are insured by FDIC/FSLIC, and who are designated a Qualified Public Depository (QPD) under the SAFE Program; 4) mortgage backed securities (MBSs), 5) mortgage-related securities including collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMIC) securities, 6) repurchase agreements, and 7) stocks and bonds which have been donated to the institution.

The Statement of Net Assets current investment classification consists of a non-negotiable certificate of deposit in the amount of \$1,500,000.00. Certificates of deposits are not subject to risk categorization because they are considered deposits for the purpose of this note.

Notes to the Financial Statements

For the Year Ended September 30, 2007

At September 30, 2007, the College had \$254,106.37 in accounts administered by its bond trustee. In accordance with the covenants of the College's Revenue Bonds, Series 2003, the trustee is permitted to invest these funds in direct general obligations of the United States or securities the payment of which is unconditionally guaranteed by the United States.

The entire balance on deposit with the trustee is invested in the trustee's Treasury Money Market Fund (the "Fund"), an external investment pool. The Fund invests in U. S. Treasury obligations maturing in 397 days or less and in repurchase agreements collateralized by the U. S. Treasury obligations. The Fund is consistently rated AAA by Standard & Poor's.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Fund maintains an average maturity of 60 days or less.

Note 3 – Receivables

Receivables are reported net of uncollectible amounts and are summarized as follows:

<u>Accounts Receivable</u>	
Federal	\$401,612.36
State	378,870.82
Other	13,276.70
Total Accounts Receivable, Net	<u>\$793,759.88</u>

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 8,000.00	\$	\$	\$ 8,000.00
Improvements Other Than Buildings	255,459.86			255,459.86
Buildings	5,155,783.11	58,928.52		5,214,611.63
Equipment > \$25,000	284,143.15		37,486.00	246,658.15
Equipment < \$25,000	244,622.32	24,536.00	23,072.71	246,084.61
Library Books and Audio Visuals	130,946.37	30,632.88	80.39	161,498.86
Total	<u>6,078,954.61</u>	<u>113,996.40</u>	<u>60,638.10</u>	<u>6,132,312.91</u>
Less: Accumulated Depreciation				
Improvements Other Than Buildings	74,112.42	10,218.39		84,330.81
Buildings	1,108,343.87	133,928.83		1,242,272.50
Equipment > \$25,000	210,213.83	18,178.40	37,486.00	190,907.03
Equipment < \$25,000	188,033.22	25,028.73	23,072.71	189,989.24
Library Books and Audio Visual	70,888.13	8,074.94	80.39	78,882.68
Total Accumulated Depreciation	<u>1,651,591.27</u>	<u>195,429.09</u>	<u>60,638.10</u>	<u>1,786,382.26</u>
Capital Assets, Net	<u>\$4,427,363.34</u>	<u>\$ (81,432.69)</u>	<u>\$</u>	<u>\$4,345,930.65</u>

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 5 – Defined Benefit Pension Plan

A. Plan Description

The College contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Substantially all employees of the College are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees of Reid State Technical College. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

The Teachers' Retirement System was established as of October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently 14 members). Benefit provisions are established by the *Code of Alabama 1975*, Sections 16-25-1 through 16-25-113, as amended, and Sections 36-27B-1 through 36-27B-6, as amended.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

Notes to the Financial Statements

For the Year Ended September 30, 2007

B. Funding Policy

Employees, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Teachers' Retirement System. As of January 1, 2001, full-time law enforcement officers (as defined by Act Number 2000-669, Acts of Alabama, Page 1335) are required by statute to contribute 6 percent of their salary to the Teachers' Retirement System. Reid State Technical College is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill. The percentages of the contributions and the amount of contributions made by Reid State Technical College and its employees equal the required contributions for each year as follows:

Fiscal Year Ended September 30,	2007	2006	2005
Total Percentage of Covered Payroll	14.36%	13.17%	12.03%
Contributions:			
Percentage Contributed by Reid State Technical College	9.36%	8.17%	7.03%
Percentage Contributed by the Employees	5.00%	5.00%	5.00%
Contributed by Reid State Technical College	\$346,399.52	\$300,553.16	\$253,072.69
Contributed by Employees	185,042.48	183,937.06	179,994.80
Total Contributions	\$531,442.00	\$484,490.22	\$433,067.49

Note 6 – Other Postemployment Benefits (OPEB)

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 under the provisions of Act Number 455 to provide a uniform plan of health insurance for current and retired employees of state educational institutions. The plan is administered by the Public Education Employees' Health Insurance Board (PEEHIB). The employer's share of premiums for retired College employees' health insurance is included as part of the premium for active employees and is funded on a pay-as-you go basis. Retirees who are eligible for Medicare benefits must pay \$1.14 per month for coverage while those who are not eligible must pay \$78.00 per month for the coverage. The estimated portion of health insurance premiums paid by the College for retired employees was approximately \$151,976.32 for fiscal year 2007. The College has no responsibility for the payment of health care benefits, beyond the payment of the premium, for retired employees.

Notes to the Financial Statements
For the Year Ended September 30, 2007

Note 7 – Accounts Payable

Accounts payable and accrued liabilities represent amounts due at September 30, 2007, for goods and services received prior to the end of the fiscal year.

Salaries and Wages	\$112,043.82
Student Insurance	5,133.26
Interest Payable	9,257.09
Miscellaneous	8,883.55
Total	<u>\$135,317.72</u>

Note 8 – Long-Term Liabilities

Long-term liabilities activity for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Revenue Bonds	\$3,035,000.00	\$	\$140,000.00	\$2,895,000.00	\$140,000.00
Other Liabilities					
Compensated Absences	231,699.79	2,357.47		234,057.26	23,405.73
Total Long-Term Liabilities	<u>\$3,266,699.79</u>	<u>\$2,357.47</u>	<u>\$140,000.00</u>	<u>\$3,129,057.26</u>	<u>\$163,405.73</u>

The Revenue Bonds were issued in July 2003 by the Board of Trustees to provide funds for refunding debt obligations and financing capital improvements.

Notes to the Financial Statements
For the Year Ended September 30, 2007

A trustee holds sinking fund deposits, including earnings on investments of these deposits. Revenue from student tuition and fees sufficient to pay the annual debt service are pledged to secure the bonds. Principal and interest maturity requirements on bond debt are as follows:

Fiscal Year	Revenue Bonds		Totals
	Principal	Interest	
2007-2008	\$ 140,000.00	\$ 111,085.00	\$ 251,085.00
2008-2009	145,000.00	107,865.00	252,865.00
2009-2010	145,000.00	104,095.00	249,095.00
2010-2011	150,000.00	99,890.00	249,890.00
2011-2012	155,000.00	95,015.00	250,015.00
2012-2013	160,000.00	89,667.50	249,667.50
2013-2014	165,000.00	83,987.50	248,987.50
2014-2015	175,000.00	77,965.00	252,965.00
2015-2016	180,000.00	71,315.00	251,315.00
2016-2017	185,000.00	64,295.00	249,295.00
2017-2018	195,000.00	56,802.50	251,802.50
2018-2019	200,000.00	48,710.00	248,710.00
2019-2020	210,000.00	40,210.00	250,210.00
2020-2021	220,000.00	31,180.00	251,180.00
2021-2022	230,000.00	21,390.00	251,390.00
2022-2023	240,000.00	11,040.00	251,040.00
Totals	\$2,895,000.00	\$1,114,512.50	\$4,009,512.50

Bond Issuance Costs

The College has bond issuance costs in connection with the issuance of its 2003 Series Tuition Revenue Bonds. The issuance cost is being amortized using the straight-line method over the life of the bonds.

	Issuance Costs
Total Issuance Costs	\$154,494.42
Amount Amortized Prior Years	(25,105.36)
Balance Issuance Costs	129,389.06
Current Amount Amortized	(7,724.72)
Balance Issuance Costs	<u>\$121,664.34</u>

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 9 – Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management which operates as a common risk management and insurance program for state owned properties. The College pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to \$2 million per occurrence and is self-insured up to a maximum of \$6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed \$6 million. The College purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the College has fidelity bonds on the College's president, business manager, student financial aid director, as well as on all other college personnel who handle funds.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The College contributes a specified amount monthly to the PEEHIF for each employee and this amount is applied against the employee's premiums for the coverage selected and the employee pays any remaining premium.

Settled claims resulting from these risks have not exceeded the College's coverage in any of the past three fiscal years.

Claims which occur as a result of employee job-related injuries may be brought before the State of Alabama Board of Adjustment. The Board of Adjustment serves as an arbitrator and its decision is binding. If the Board of Adjustment determines that a claim is valid, it decides the proper amount of compensation (subject to statutory limitations) and the funds are paid by the College.

Notes to the Financial Statements

For the Year Ended September 30, 2007

Note 10 – Related Parties

Reid State Technical College Foundation, Inc.

Reid State Technical College Foundation, Inc., was incorporated as a non-profit corporation to promote scientific, literary, and educational purposes, the advancement of Reid State Technical College, and for the encouragement and support of its students and faculty. This report contains no financial statements of Reid State Technical College Foundation, Inc.

Note 11 – Commitments

As of September 30, 2007, Reid State Technical College had been awarded approximately \$482,776.79 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007***

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>Student Financial Assistance Cluster</u>		
<u>U. S. Department of Education</u>		
<u>Direct Programs</u>		
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Work-Study Program	84.033	
Federal Work-Study Program	84.033	
Federal Pell Grant Program	84.063	
Federal Pell Grant Program	84.063	
Federal Pell Grant Administrative Allowance	84.063	
Total U. S. Department of Education		
<u>U. S. Department of Health and Human Services</u>		
<u>Direct Program</u>		
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	
Total Student Financial Assistance Cluster (M)		
<u>OTHER FEDERAL AWARDS</u>		
<u>U. S. Department of Education</u>		
<u>Passed Through Alabama Department of Postsecondary Education</u>		
Adult Education - State Grant Program	84.002	N.A.
<u>Passed Through Alabama Department of Education</u>		
Vocational Education - Basic Grants to States	84.048	N.A.
Tech-Prep Education	84.243	N.A.
Total Federal Awards		

(M) = Major Program

N.A. = Not Available

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
07/01/2007-06/30/2008	\$ 51,346.00	\$ 51,346.00	\$ 5,488.24	\$ 5,488.24
07/01/2006-06/30/2007	51,346.00	51,346.00	47,963.12	47,963.12
07/01/2007-06/30/2008	49,546.00	49,546.00	4,777.50	4,777.50
07/01/2006-06/30/2007	49,546.00	49,546.00	41,890.66	41,890.66
07/01/2007-06/30/2008	356,060.00	356,060.00	155,095.63	155,095.63
07/01/2006-06/30/2007	763,448.00	763,448.00	622,183.52	622,183.52
07/01/2006-06/30/2007	2,195.00	2,195.00	2,195.00	2,195.00
			879,593.67	879,593.67
07/01/2006-06/30/2007	87,549.00	87,549.00	87,132.80	87,132.80
			966,726.47	966,726.47
07/01/2006-06/30/2007	104,161.00	99,950.21	78,585.72	78,585.72
10/01/2006-09/30/2007	133,089.89	133,089.89	132,425.29	132,425.29
10/01/2006-09/30/2007	\$ 32,488.00	\$ 32,488.00	32,176.14	32,176.14
			\$ 1,209,913.62	\$ 1,209,913.62

*Notes to the Schedule of Expenditures
of Federal Awards
For the Year Ended September 30, 2007*

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Reid State Technical College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

College Officials
October 1, 2006 through September 30, 2007

Officials	Position	Address
Dr. Douglas M. Littles	President	P. O. Box 588 Evergreen, AL 36401
Mr. David J. Rhodes	Business Manager	P. O. Box 588 Evergreen, AL 36401

***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

We have audited the financial statements of Reid State Technical College as of and for the year ended September 30, 2007, and have issued our report thereon dated May 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Reid State Technical College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Reid State Technical College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Reid State Technical College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Reid State Technical College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, other state officials, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

May 16, 2008

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Reid State Technical College with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. Reid State Technical College's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Reid State Technical College's management. Our responsibility is to express an opinion on Reid State Technical College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Reid State Technical College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Reid State Technical College's compliance with those requirements.

In our opinion, Reid State Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of Reid State Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Reid State Technical College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Reid State Technical College's internal control over compliance.

***Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133***

A control deficiency in a entity's internal control over compliance exists when the design and operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

May 16, 2008

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2007

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None reported

Type of opinion issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007	<u>Student Financial Assistance Cluster</u>
84.033	Federal Supplemental Educational Opportunity Grants
84.063	Federal Work-Study Program
93.925	Federal Pell Grant Program
	Scholarships for Health Professions Students from Disadvantaged Backgrounds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee? X Yes No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2007

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		The audit did not disclose any findings or questioned costs required to be reported.	

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
			The audit did not disclose any findings or questioned costs required to be reported.	

STATEMENT OF INTENT TO MERGE ALABAMA SOUTHERN COMMUNITY COLLEGE AND REID STATE TECHNICAL COLLEGE



APPENDIX E

Content of the Substantive Change Prospectus

The Content of the Substantive Change Prospectus

One print copy of a prospectus should be submitted to the Commission on Colleges and include all applicable information below regarding the change. The document should include concisely worded narrative with information specified in this appendix. Please note that the Commission on Colleges reserves the right to make amendments to the requirements outlined below for certain types of changes.

Reminder: An institution initiating a level change must complete an Application Form@ and submit it in quadruplicate *in lieu of completing a prospectus*.

Cover Sheet for Substantive Change Prospectus

- Include name, phone number, and e-mail address of person to be contacted with questions regarding the prospectus.
- List all off-campus sites at which 50 percent or more of a program's credits are available.
- List all off-campus sites at which 25-49 percent of a program's credits are available.
- List programs for which 50 percent or more of the program's credits are approved for electronic delivery.
- List degrees which institution is authorized to grant. As a subset of each degree, list majors available. (*Photocopy from catalog is acceptable*)
- List certificate and/or degree programs which are related to the proposed program(s).
- List institutional strengths which facilitate the offering of the proposed program(s).

1. **ABSTRACT** (limit to one page or less)

Describe the proposed change; list the street address, if the change involves the initiation of an off-campus site; initial date of implementation; projected number of students, if applicable; description of primary target audience; projected life of the program (single cohort or ongoing); and instructional delivery methods.

2. **BACKGROUND INFORMATION**

Provide a clear statement of the nature and purpose of the change in the context of the institution's mission and goals; evidence of the legal authority for the change (if authorization is required by the governing board or the state); and whether the proposed degree program or similar program is offered on the main campus or at other off-campus sites.

3. **ASSESSMENT OF NEED AND PROGRAM PLANNING/APPROVAL**

Discuss the rationale for the change, including an assessment of need; evidence of inclusion of the change in the institution's ongoing planning and evaluation processes; and documentation that faculty and other groups were involved in the review and approval of the new site or program.

4. **DESCRIPTION OF THE CHANGE**

Provide a description of the proposed change, including the specific outcomes and learning objectives of the program, a schedule of proposed course offerings for the first year, and a copy of course syllabi. In the case of a change involving the initiation of a branch campus or of an off-site program, indicate the educational program to be offered. Describe any differences in admission, curriculum, or graduation requirements for students enrolled at the new site(s), or any special arrangements for grading, transcripts, or transfer policies. Describe administrative oversight to ensure the quality of the program or services to be offered.

5. **FACULTY**

Provide a complete roster (using the Faculty Roster form at www.sacscoc.org/inst_forms_and_info1.asp) of those faculty employed to teach in the program(s), including a description of those faculty member's academic qualifications and other experiences

relevant to the courses taught, and course load in the new program as well as course work taught in other programs currently offered; evidence that faculty members are adequate to support the program; and the impact of the new initiative on faculty workload.

For distance learning programs, describe processes in place to ensure that students have structured access to faculty. For graduate programs, document scholarship and research capability of faculty; for doctoral programs, document faculty experience in directing student research.

6. LIBRARY AND LEARNING RESOURCES

Describe library and information resources—general as well as specific to the program—and staffing and services that are in place to support the initiative. If reliant upon other libraries, describe those collections and their relevance to the proposed program(s) and include a copy of formal agreements in the appendix. Relative to electronic resources, describe how students and faculty will access information, training for faculty and students in the use of online resources, and staffing and services available to students and faculty. For doctoral programs, document discipline-specific refereed journals and primary source materials.

7. PHYSICAL RESOURCES

Provide a description of physical facilities and equipment to support this initiative. Assess the impact that the proposed change will have on existing programs and services.

8. FINANCIAL SUPPORT

Provide a business plan that includes the following: (a) a description of financial resources to support the change, including a budget for the first year (a three-year budget is requested for a new branch campus); (b) projected revenues and expenditures and cash flow; (c) the amount of resources going to institutions or organizations for contractual or support services; and (d) the operational, management, and physical resources available for the change. Provide contingency plans if required resources do not materialize. For consolidations/mergers, and for institutions currently on sanction with the Commission for financial reasons, provide a copy of the most recent audit (audits from all institutions involved in consolidations/mergers).

9. EVALUATION AND ASSESSMENT

Describe how the institution assesses overall institutional effectiveness as well as the means used to monitor and ensure the quality of the degree program(s), off-campus site(s), or other changes. Summarize procedures for systematic evaluation of instructional results, including the process for monitoring and evaluating programs at the new site, as well as using the results of evaluation to improve institutional programs, services, and operations. For distance learning instruction or compressed time frames, describe the methodology for determining that levels of knowledge and competencies comparable to those required in traditional formats have been achieved.

10. APPENDICES

Appendices may include items such as (1) vitae of key faculty, (2) selected letters of support, (3) copies of library and other cooperative agreements, etc.

January 2007

